FINANCIAL TIMES

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WORLD NEWS

Solicitors attack court concession

A decision to allow solicitors to conduct some cases in the High Court bas brought immediate criticism.

Lord Lane, Lord Chief Justice, yesterday said they were to be able to represent clients in "formal or unopposed" bearings in the Court of Appeal, High Court and Crown Courts.

But solicitors attacked the limited nature of the change. One called it "timid and pathetic." Back Page

Extradition 'progress'

Progress is being made on arrangements for extraditing suspected terrorists between Northern Ireland and the Irish Republic, Northern Ireland Secretary Tom King said. Back Page

Labour back in Oslo

A minority Labour Party Government took office in Norway under Ms Gro Harlem Brundtland. Eight of its 18 ministers are women. Page 2

Peres cool on Syria

Premier Shimon Peres said Israel did not intend to attack Syria and bad oo information that Syria was about to attack Israel.

New Dhaka polls hint

Bangladesh's Government said fresh polling might be oeeded in some areas after allegations of violence and ballot-rigging in the geoeral elections. Page 2

Spanish colonel held

A Spanish colonel was arrested after allegedly asking Libya for support for extreme-right activities io Spain. Spain also expelled the Libyan consul-general.

Drugs protection plan

The Government is to seek statutory protectioo from legal action for banks which volunteer information about clients' possible involvement in drugs trafficking. Page 3

Power workers' action

Power workers are to begin official industrial action on Monday for the first time in 16 years, and promised more action if their pay dispute was not settled. Page 5

Turkish party formed

The Free Democrat Party was set up in Turkey with 22 MPs of the dissolved Nationalist Democratic Party. It is the third biggest in Parliament and likely to be right-wing.

Floods in Nairobi

Torrential rain caused heavy flooding in Nairobi, Kenya, killing 12 people. Four inches fell in one night.

Chile raids continue

Chile's military Government ignored an appeal from the Roman Catholic Church and ordered more raids on Santiago slums as part of its anti-guerrilla drive.

Swiss yacht first home

The UBS Switzerland was first across the finishing line in Portsmouth in the Whitbread round-the-world yacht race after 117 days, four bours and three minutes—a record.

Sherpa Tenzing dies

Sherpa Tenzing Norgay, who conqnered Mt Everest with Sir Edmund Hillary in 1953, died in Darjeeling, aged 72.

Bags of money

The cost of providing civil servants with briefcases rose by £23,000 to £141,000 last year, the Treasury said.

BUSINESS SUMMARY

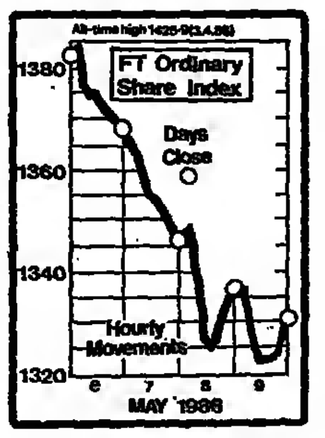
Japanese 'dump bank services'

BARCLAYS Bank's chairmao Sir Timothy Bevan told US officials this week that Japanese banks aod securities firms were dumping financial services on the world markets, forcing margins on traditional banking business down to unprofitable levels.

Sir Timothy claimed in New York that Japanese institutions were behaving in financial services in the same way as in manufacturing. Back Page; Barclays' US plans, Page 3

DOLLAR continued to fall against the yen, closing Y1.25 down in London at Y162.3 before strengthening slightly to Y162.825 in New York. Back Page; Money markets, Page 17

EQUITIES fell for the fourth consecutive session although a late rally reduced the FT Ordioary Share Index's fall for the day to 6.6 The closing level of 1,330.3 gave a decline of nearly 53 points over the week. Page 18



BRITISH Car Auctions is expected this weekend to announce the sale of its US vehicle auction activities for £52m. Back Page

PHILIPPINES' Presideot Aquino told US Secretary of State George Shultz that foreign debts incurred under ex-President Marcos would be honoured. Page 2

SPAIN'S main dock workers' union called a ten-day strike from May 18 over the Socialist Government's plan for ports reform. Page 2

CIVIL SERVANTS' biggest union signed an agreement to co-operate fully on introducing new technology after a ballot produced a narrow majority in favour of a deal. Page 5

IBA is seeking to improve financial prospects of the 48 independent local radio stations. More than a third are losing money or breaking even. Page 3; Analysis, Page 7

COUNCILS could save millions of pounds a year by making better use of their properties, says the Audit Commission. Page 3

GEC Telecommunicatioos valued its contract to supply Mercury Communications with System X digital exchanges at £18m. Page 4

TNT, Sydney-based international transport group which has News International among its UK clients, lifted net profits by 45 per cent to A$68.24m (£33m) in the nine mooths to March 3. Page 9

CATER ALLEN, discount house, plans a rights issue to raise £18.5m to belp meet the demands of market making on its capital. Page 8

HENRY BOOT, construction and property group, reported a 1985 pre-tax deficit of £7.13m, against a £4.05m profit. Most of the loss was attributed to a Hong Kong container terminal contract. Page 8

Election setbacks will spur Tory calls for more public spending

BY PETER RIDDELL AND MICHAEL CASSELL

PRESSURE among ministers aod Conservative MPs for higher public spending on education, housing and bealth is set to increase amid considerable party unease over the party's setbacks in the local council elections and two parliamentary by-elections on Thursday.

A senior minister close to Mrs Margaret Thatcher admitted that a number of policy areas now needed urgent attentioo. They included educatiton, relations between central and local government following this year's row over the rate support grant, and the way the Government bas been presenting its record on the National Health Service.

Spending ministers will be pressing for increases in their programmes, given concern over edncation, housing and bealth reported during the elections.

Tory MPs voiced considerable private criticism about the performance of Conservative Central Office and of Mr Norman Tebbit, party chairman, over his combative style which critics say may have alienated voters in the by-elections.

Mr Tebbit, yesterday questioned who these critics were but admitted the results contained lessons for the party organisation.

It is clear that there will be no sudden changes of policy nor is there aoy appareot intention of changing the timetable for the replacement of Sir Keith Joseph as Education Secretary later this month.

Contrasting views within the Cabinet about the direction of policy are likely to surface over the weekend when both Mr Tebbit and Mr John Biffen, Leader of the Commons, are due to give television interviews.

The nervousness of Tory MPs about the results was reflected yesterday in the comments of a number of senior backbeochers, including Sir Edward du Cann and Mr David Crouch, who urged the Government to be more sensitive to the views of its supporters and to improve its presentation.

Mr Francis Pym, former Foreign Secretary aod chairman of the Conservative Centre Forward group of backbenchers, noted his previous warnings of the need for a more caring and considerate approach. The party must "now broaden its appeal and be seen, once again, as the party of the whole nation."

Mrs Thatcher brushed aside such doubts. During a short visit to party workers at Central Office she said: "We must now keep right on with our policies and redouble our efforts to win the next election."

The most startling result from Thursday's elections was the Conservatives' loss of the previously safe Ryedale seat in North Yorksbire. A majority of 16,142 at the 1983 election was turned ioto a majority of 4,940 for Mrs Elizabeth Sbields of the Liberal/SDP Alliance.

In West Derbysbire Mr Patrick McLoughlin, the Conservative, was declared the winner by only 100 votes over

Continued on Back Page
Editorial comment and Still a three-borse race, Page 6;

LOCAL ELECTIONS
State of the parties

	Seats gained	Seats lost
Conservatives	59	764
Labour	571	87
Lib/SDP Alliance	386	114
Independents	18	75
Scottish National	13	3

Councils changed hands as follows: Labour won from Conservative: Rossendale, Bury, Tamworth; from no overall control: Ealing, Great Grimsby, Brent, Dudley, Bradford, Hyndburn, Brighton, York, Bristol, Blackburn, Rochdale, Hammersmith and Fulham, Lothian, Waltham Forest.

Conservatives won from no overall control: Basingstoke and Deane.

Alliance won from Conservatives: Adur, Sutton; from Labour: Tower Hamlets.

Conservatives lost to no overall control: West Oxon, Fareham, Craven, Sefton, Kingston upon Thames, Congleton, Colchester, Chester, Three Rivers, Swale, Trafford, North Beds, Waveney, Woking, South Lakeland, West Lancs, Wirral, Great Yarmouth, Havering, Stroud, Elmbridge, Grampian, Hillingdon, Tayside.

Independents lost to no overall control: Penwith.

Teachers given 5.5% rise to end schools disruption

BY DAVID BRINDLE, LABOUR STAFF

TEACHERS are to receive an interim pay rise of 5.5 per ceot or £520, whichever is greater, to end the disruption of schools in England and Wales.

The statutory Burnham pay negotiating committee agreed last night to the deal which adds an estimated 5.7 per cent to the salary bill and will also lead ot the readmission of the National Union of Teachers, the biggest teaching union, to long-term talks on teachers' salary and employment contracts.

The pay deal, backdated to April 1, will add almost £550 to the salary the average classroom teacher, which is just under £10,000 a year. The Burnham Committee also agreed a 7 per cent increase for London weighting allowances for teachers for 1985.

Agreement on the deal followed talks last week between the NUT and Labour education authority leaders, following the intervention of Mr Giles Radice, the Labour Party's senior spokesman on education.

The NUT, representing almost half the 400,000 state school teachers, had been exclnded from the long-term cootract negotiatioos because it had been continuing disruptive sanctions in schools in spite of the settlement in March of the 13-month teachers' pay dispute on the basis of a 6.9 per cent rise backdated to April 1, 1985 plus 1.6 per cent from March 31 this year.

The union was threatening to resume strikes in selected education authorities from next Tuesday, had there been no progress at yesterday's talks.

Mr Fred Jarvis, the NUT's general secretary, said last night: "I certainly regard this as a victory although it is necessarily a matter where there has been goodwill on both sides."

The break-through yesterday was made possible by two developments.

Firstly the smaller teaching unions, with the exception of abstention by the National Association of Head Teachers, voted to back the NUT's claim for an interim rise of £800 a year for all teachers.

This coalition around the claim came after the NUT accepted that the figure should not be a hard-and-fast target, but a basis for negotiatioo. The NUT also impressed the other unions that it was looking in earnest for a way out of the dispute.

Secondly, the NUT broadly accepted three pre-conditions stipulated by the employers. That there should be, "a return to peace and calm in our schools immediately"; that it should support the long-term talks and co-operate with them in every respect; and that an interim pay rise would be accepted without prejudice to anything arising from the long-term negotiations.

Mr Jarvis said he interpreted "peace aod calm" to include the working of so-called "voluntary" duties, although there is no guarantee that teachers will indeed return to covering for absent colleagues, the most disruptice of the sanctions used.

Mrs Nicky Harrison, the employers' leader attending her last meeting before standing down, said her reaction to the settlement was "absolute sheer relief." She expected teachers to resume coveriog for colleagues and a complete end to 15 months of disruption in schools.

Fiat seeks US market access through deal with Chrysler

BY ALAN FRIEDMAN IN MILAN AND PAUL TAYLOR IN NEW YORK

FIAT, Italy's leading car maker, and Chrysler, the third-largest US car group, are in talks aimed at achieving a commercial agreement which could see the return of Fiat to the North American market after an absence of about five years.

The proposals being discussed provide confirmation that Fiat has not been deterred by its abortive merger talks last year with Ford from pursuing collaboration or joint ventures wherever it sees commercial advantage in so doing.

The proposals being discussed between senior executives of the two companies would call for a specific range of Fiat car models to be sold in the US via Chrysler's distribution network.

At the same time, Chrysler might offer some of its models through Fiat dealers in European markets.

In addition it is understood that there could be collaboration on components between the two companies.

At Fiat group headquarters in Turin last night, the compaoy confirmed the existence of the talks but stressed that the aim was "a commercial agreement only and not a financial agreement."

Share exchaoges were not under consideration. In the commercial area, however, Fiat said "the possibilities are infinite."

Although full-scale Fiat-Ford merger talks foundered through an inability to agree on who should control the venture, they still produced a combined effort io commercial vehicles production between Ford and Fiat's commercial vehicles subsidiary, Iveco.

The talks with Chrysler began recently during a visit by Cbrysler executives to Turin, according to Fiat. The discussions are to be pursued during the oext few days by a Fiat delegation to Chrysler's beadquarters.

Fiat stressed that the talks were at ao early stage, while Chrysler refuesd to confirm even that the talks were going on. "We are constantly studying and evaluating busioess opportunities and we do not make any comment on speculative reports," it said.

Privately, however, people close to Chrysler confirmed that the discussions had been taking place and that they had reached the stage of talking about specific model sales plans.

Chrysler already imports into the US small cars made by its Japanese affiliate, Mitsu-

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Experts dismiss Chernobyl meltdown danger

BY PATRICK COCKBURN IN MOSCOW

DANGER of a meltdown at the Chernobyl nuclear reactor in the Ukraine was dismissed yesterday by members of the International Atomic Energy Agency.

Dr Morris Rosen, one of the experts in a team led by Dr Hans Blix, the IAEA president, said that infra-red detection methods indicated that the temperature inside the reactor, although remaining bigh, was well below melting point and was falling.

Dr Blix and his colleague are the first independent foreign experts to be given access to Chernobyl by the Soviet Union. Their report is expected to dampen fears that the reactor fire is still out of control.

In a joint communique, the Soviet Union and the IAEA announced agreement to provide radiation readings from several monitoring stations. Warning mechanisms at Soviet nuclear power plant, designed to detect radiation which could affect other countries, might also be introduced, according to the Soviet news agency Tass.

Asked whether other Chernobyl-type reactors bad been sbut down, Dr Rosen said that apart from the four at Chernobyl the "Soviet authorities seem to bave found nothing in their research so far" to lead them to do so.

A Western diplomat in Moscow said that four of the remaining 11 Chernobyl-type reactors were still shut. He was unclear about the status of the others.

Dr Blix confirmed that the original explosion took place on April 26 during maintenance operatioos at the fourth 1,000 Mw reactor. The Soviet authorities were studying a number of bypotheses about its cause.

Soviet experts bave agreed to attend a meeting in Vienna later this year to discuss the disaster in detail.

The IAEA team was generally reassuring about the danger from radioactivity in the Ukraine and Byelorussia, the two Soviet republics most likely to be affected. While they had no full data on radiation levels over the past fortnight, they said that most of the isotopes released were sbortlived, including the dangerous isotope iodine 131, which made up half the emissions.

Most residents at the settlement of Pripyat were inside their houses when the accident occurred and thus were not dangerously exposed to radioactivity, the agency said.

It confirmed, however, that evacuation started on April 27, 36 hours after the accident. Potassium iodine pills were widely distributed for protection against radio-iodine.

Efforts are being made to encase the entire reactor in concrete. Work includes digging a tunnel under the reactor to facilitate construction of a concrete platform.

Within the 24-mile forbidden zone round Chernobyl radiation levels have dropped from 10-15 millirem per hour soon after the accident to 0.15 millirem on May 8. Radioactivity in Kiev's main water reservoir has never reached danger levels.

Dr Georgy Arbatov, head of Moscow's USA and Canada institute, said in yesterday's Communist Party daily, Pravda, that the only Soviet error was in understimating "activity" and co-ordination of anti-Soviet propaganda."

Cancellation of a tour of the Soviet Union by the London Festival Ballet was the result of the performers "being massively manipulated by the British propaganda machine." the newspaper Sovietskaya Kultura said.

'No significant danger to health' in the West

BY OUR FOREIGN STAFF

THE ACCIDENT at the Chernobyl nuclear reactor has so far caused no significant danger to health in any Westero country, the Nuclear Energy Agency in Paris said yesterday.

The statement was made after the first full assessment of the agency's safety committee since the accident a fortnight ago.

The agency, which represents 23 industrial countries in the non-Communist world, said that it did not at present see the need for significant changes in western safety procedures for nuclear installatioos. But it would intensify pressure for increased global co-operatioo on nuclear safety, including that with the Soviet Union

The safety committee agreed that present evidence suggested that radiation levels outside the Soviet bloc bad oot exceeded a tenth of the international safety limit of 2,000 becquerels per

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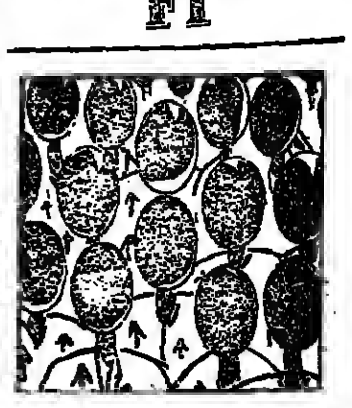
Britain to wind down alert, Page 4

WEEKEND FT



COLOUR BARS

Overcrowding is only one of the problems in Britain's jails. The growing numbers of black inmates is becoming on equally explosive issue.

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YUPPIES

You are young, upwardly mobile and have some spare cash. How best to invest for the future?

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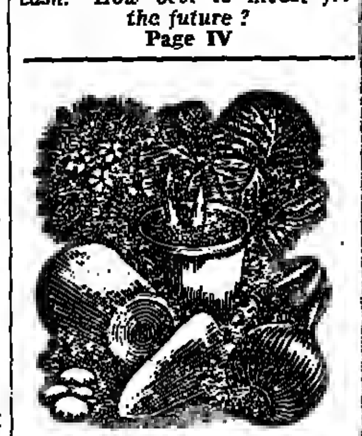

GARDENING

Robin Lane Fox celebrates his move from the Wednesday paper to the Weekend FT by investing in a town garden

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RUSSIA

After Chernobyl . . . Patrick Cockburn reports from Russia

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MARKETS

DOLLAR

New York
DM 2.18775 (2.18925)
FFr 6.9675 (6.97)
SFr 1.81775 (1.823)
Y162.325 (164.375)

London:
DM 2.1785 (2.179)
FFr 6.9375 (6.934)
SFr 1.8085 (1.8135)
Y163.3 (163.55)

Dollar index 112.8 (112.9)

Tokyo close Y162.85

US CLOSING RATES

Fed Funds 6¾% (same)
3-month Treasury Bills: yield: 6.24 (6.23)
Long Bond: 120¾ (120⅛)
yield 7.66% (7.51)

GOLD

New York: Comex June $345.5 (same)
London: $345.25 ($343.25)

STERLING

New York: $1.53825 (1.53675)
London: $1.541 (1.542)
DM 3.3575 (3.36)
FFr 10.69 (10.6925)
SFr 2.7875 (2.7975)
Y250.0 (252.25)
Sterling index 75.6 (76.2)

LONDON MONEY

3-month interbank closing rate 10$\frac{7}{16}$% (same)

NORTH SEA OIL

Brent 15-day May $14.525 ($14.35)

STOCK INDICES

FT Ord 1,330.3 (−6.6)
FT-A All Share 788.3 (−0.1%)
FT-SE 100 1,601.6 (−1.0)
FT-A long gilt yield index: High coupon 9.03 (8.99)
New York DJ Ind Av 1,789.43 (+3.22)
Tokyo: Nikkei 16,194.98 (+116.74)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France 6.00; W Germany DM 2.20; Ireland 60p; Italy L1,800; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 80; Spain Pta 125; Sweden SKr 7.00; Switzerland Fr 2.20.

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Turbine failure may be cause of Chernobyl disaster

BY DAVID FISHLOCK, SCIENCE EDITOR

A FAILURE in a turbine-generator unit could have initiated the disaster at the Russian nuclear power station at Chernobyl in the Ukraine.

The Chernobyl station has been designed in a way which would allow a major turbine failure, such as the failure of a turbine disc, to affect the reactor itself.

British power station designers accept that failure of turbine discs is a "credible accident," and lay out stations so that parts of a failed turbine would fly away from the reactor, as the sketch shows.

The turbine is the steam engine driven by high-pressure steam from the reactor, which rotates an electricity generator on the same shaft.

Top officials from the International Atomic Energy Agency, who visited Chernobyl by helicopter on Thursday, reported yesterday that "explosions occurred in the fourth unit of the Cherbonyl nuclear power station." They do not specify that they began in a reactor.

British experts have been trying to reconcile Soviet TV pictures of the stricken Chernobyl No 4 reactor, and measures the Russians are said to have taken to quench the fire by dropping sand and chemicals from the air, with drawings of the power station layout.

It has emerged that the accident may have begun with the failure of a turbine disc in one of the two 500 Mw turbine-generators serving the Chernobyl No 4 reactor.

According to the Russian designs, such a failure could have ejected a large piece of metal towards the reactor, possibly severing the connections which pipe steam from the reactor to drive the turbine.

The turbine is believed to be a modern high-speed machine cooled with liquid hydrogen gas, which could account for reports suggesting that the fire involved hydrogen.

It appears to be the turbine hall and not the reactor itself which has lost its roof, according to Russian photographs.

Previously it had been assumed that the hydrogen involved in the explosion was generated when water, escaping inside the nuclear reactor core, was converted into hydrogen.

"The Russians have used a layout for Chernobyl we would never adopt in the UK," a senior executive of the Central Electricity Generating Board said yesterday.

The implications of the latest information on the Chernobyl accident were being discussed at a meeting called by Lord Marshall, CEGB chairman, last night.

Dr Hans Blix, director-general of the International Atomic Energy Agency, who visited Chernobyl this week, disclosed in Moscow yesterday that the Chernobyl No 4 reactor was undergoing planned maintenance, and was operating at only 7 per cent power when the accident occurred, 14 days ago.

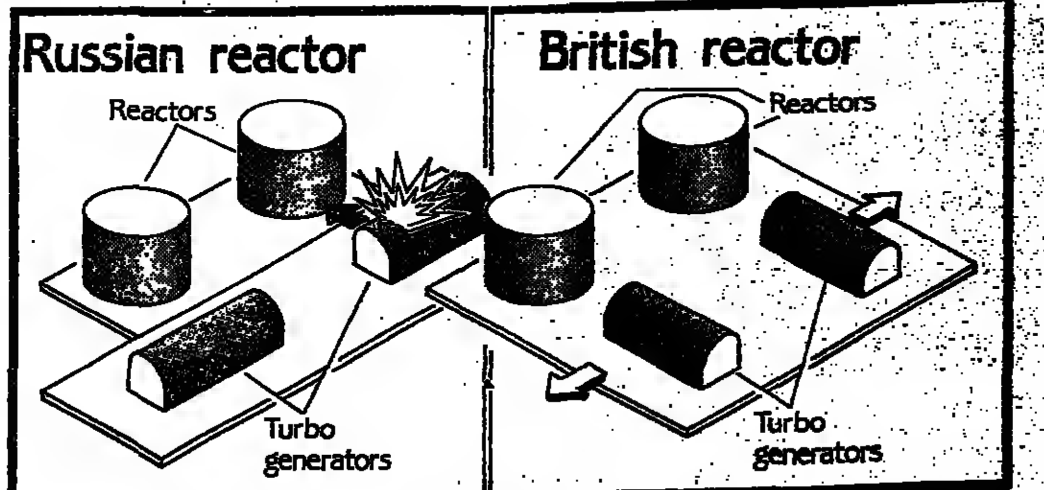
One possible scenario which now emerges is that the turbine failure was so disastrous that it encompassed the control room serving both units No 3 and No 4.

The British electricity industry has suffered major turbine failures, for example at the Hinkley A nuclear station in Somerset.

Reports published in Moscow earlier this week said an explosion had destroyed "structural elements of the building housing the reactor." Afterwards, the "engine room coating"—presumably the walls of the turbine hall—caught fire.

This led to flames 90 metres high, the report said.

Events leading to what is believed to be a partial meltdown of the nuclear fuel in the reactor were apparently a consequence of this fire in the turbine hall.



How international experts think the nuclear accident unfolded

THE following is the full text of a statement issued by the International Atomic Energy Agency at a news conference in Moscow yesterday:

A full and authoritative description of the accident, the reasons for it, and consequences of it, can only be given by the Soviet authorities after necessary analysis.

We have, however, prepared the following brief description which is based upon what we have learned from a number of talks with ministers, officials concerned and experts, and to some extent from our own visual observations during a helicopter flight around the Chernobyl nuclear power plant.

On April 26 at 1.23 am explosions occurred in the fourth unit of the Chernobyl nuclear power station. At that time the reactor, which was undergoing a planned maintenance shutdown, was at 7 per cent power level.

As a result of the explosions two persons lost their lives, one from hot steam burns, the other of injuries from falling objects.

So far there are only hypotheses regarding the specific reasons for the accident. Research and detailed analysis are under way. Records of data from the control room were recovered after the accident and are being studied.

The explosions caused fire. The reactor building, equipment in it, the reactor itself and the reactor core were extensively damaged, resulting in radioactive releases beyond the nuclear power station area.

The chain reaction automatically stopped at the time of the accident. This is confirmed by the fact that medical examination of persons affected showed no evidence of high neutron flux exposure.

A large part of the radioactive releases consists of the emission of short-lived radionuclides. Measurements indicate that up to 50 per cent of the emissions were in the form of iodine 131.

Fire teams came quickly to the site. Work was complicated by the fact that neither water nor chemicals could be used. Firemen and some nuclear power station personnel were among those injured by radiation.

Most residents in adjacent areas were indoors at the time of the accident, thus reducing their exposure.

In the early morning of April 26 monitoring equipment registered increased radioactivity and reported this.

Evacuation began on April 27, starting with women and children. Up to 48,000 people were evacuated from Chernobyl and other locations within a 30-km radius.

As a preventive measure potassium iodine tablets were widely distributed inside as well as outside the 30 km zone.

Two hundred and four persons, including nuclear power station personnel and fire fighters, were affected by radiation from first degree to fourth degree, 18 persons being in the fourth degree. All 204 persons were hospitalised in Moscow and treated medically. In some cases bone marrow transplants were performed.

The radioactive releases from the damaged unit have been significantly reduced by shielding and neutron-absorbing material — sand, boron, clay, dolomite and lead — dropped from helicopters over the reactor resulting in decreasing radioactivity levels in the 30 km zone.

Necessary shift personnel work on the site to keep the undamaged reactors in safe shut-down condition. The third reactor, adjacent to the fourth, was not damaged in the accident and its safety systems for cooling are functioning...

Although no systematic data on radiation levels were made available, some values were given.

Maximum radiation level within the 30km zone has been 10-15 millirem/hour. By May 5 it had decreased to 2-3 millirem/hour. On May 8 it had *dropped to a maximum of 0.15* at the perimeter of the zone.

The level of radioactivity in Kiev's water reservoir was within normal limits at all times.

School year ends early in Kiev

UKRAINIAN officials yesterday ordered early summer holidays for 250,000 schoolchildren from Kiev while insisting that radiation levels from the damaged Chernobyl reactor were not dangerous, Reuter reports from Kiev.

The authorities decreed that school holidays would begin immediately for all evacuated children and 250,000 others from Kiev aged between six and 13.

Kiev, the Soviet Union's third city, is 80 miles south of the Chernobyl nuclear plant.

Officials said there was no danger from radiation, which was being constantly monitored, and added that it was not compulsory for children to leave early for summer camp.

"We decided to end the school year 10 days earlier than normal because there was some concern about the children," one said.

Journalists, accompanied to Kiev by Foreign Ministry officials, found Kievans worried about their children despite assurances from the authorities.

The main Ukrainian official newspaper Pravda Ukrainy published the school announcement in a message from local Education Minister Mr Anatoly Romanenko which advised children to stay indoors and continue taking precautions such as scrubbing floors and washing their hair daily.

Life in the Ukrainian capital as a whole appeared normal as people enjoyed a national holiday in strong spring sunshine.

Two killed in raid on Gulf tanker

TWO PEOPLE were killed when a Liberian ship near the Saudi port of Ras Tannurah was set on fire yesterday in an apparent Iranian raid, Lloyds Shipping Intelligence said, Reuter reports.

Lloyds said the 125,465-ton tanker Aristotle S. Onassis was burning after the air raid. The attack followed Iraqi raids on a Tehran refinery and an oil tanker near the southern Iranian port of Bushehr. Iran pledged to respond to the Iraqi attacks.

The raid took place in an area where Iran has in the past attacked ships bound for or leaving Gulf Arab ports.

S. Africa death toll

The South African Institute of Race Relations said yesterday the death toll in the past 20 months of unrest had soared far above 1,500, AP reports from Johannesburg. The 143 deaths in political violence in April made the month the third-bloodiest since daily rioting broke out in black townships in September 1984, the institute said.

It added that 531 people were killed in the first four months of this year, compared with just 149 in the final four months of 1984.

Drilling plans cut

Australian oil exploration companies have dropped plans for drilling more than 120 onshore and offshore wells in 1986 due to the collapse in world oil prices, the Australian Petroleum Exploration Association (APEA) said yesterday, Reuter reports. Companies now plan to drill 134 onshore wells, down from a projected 250, and 50 offshore wells instead of 58, an association survey showed.

Classes suspended

The American University of Beirut's faculty association voted yesterday to suspend classes until the release of the latest kidnapped professor, AP reports from Beirut. The decision taken by the association's executive committee came two days after the abduction of Nehil Matar, 36, associate professor of cultural studies, as he was walking to the campus from his house. No group has claimed responsibility for his abduction.

Krupp heir dies

Mr Arndt von Bohlen und Halbach, the last heir to the Krupp industrial fortune, died in a Munich hospital of heart failure, aged 48, officials of the West German manufacturing giant said yesterday, AP reports from Essen. Arndt von Bohlen was an international jet set figure who had been drawing a DM 2m (£599,000) yearly allowance since renouncing his inheritance 20 years ago.

Jordan financier dead

One of Jordan's leading financial figures, Mr Saliha Shukri Rizk, was found dead near his home on Thursday afternoon with a single bullet wound in his head, and police are treating the case as an apparent suicide, Rami G. Khouri reports from Amman. Mr Saliba Rizk, aged 60, headed the firm of Saliba and Rizk Shukri Rizy, one of the Arab's world's oldest and most respected money exchange houses. The company was known to be under serious financial pressures.

Fresh voting likely in Bangladesh

BY JOHN ELLIOTT IN DHAKA

BY JOHN ELLIOTT IN Dhaka

FULL results of Bangladesh's general election will probably be known by the end of next week following an unexpected announcement in the early hours of Friday morning that fresh polling might be necessary in parts of 109 constituencies.

This followed allegations of extensive violence and rigging in the polls last Wednesday which Mr Choudhury Masud, the election commissioner, said last night involved "more disturbances than ever before."

Yesterday morning's announcement came six hours after a sudden halt in the publication of results. It coincided with growing doubts about whether President Ershad's Jatiya Party would win more than the barest of majorities and so led to immediate speculation that time was needed to manipulate the results.

On the other hand government officials suggested that the announcement meant that a maximum amount of time was being spent looking into allegations of rigging in order to try to improve the internationally battered image of Gen Ershad's first big move towards a form of parliamentary democracy.

Election officials are deciding now whether to call fresh polls in parts of 109 constituencies where there have been allegations of violence, intimidation and rigging. The full results will be announced when this exercise has been completed by the end of next week.

The losing candidates can lodge requests for full constituency re-polling with 64 election tribunals. Already the Jatiya Party has called for re-elections in approaching 30 constituencies and the main Awami League opposition alliance in not less than 50. But these numbers might be reduced once the heat of election rows has cooled down.

Lt. Gen Hossein Mohammed Ershad seized power in a peaceful coup four years ago. The Jatiya Party was set up late last year to support him.

The Election Commission's announcement led to protests from opposition parties yesterday but it does not seem to have upset the intention of the Awami League alliance to accept the election overall and take its seats in the National Assembly alongside the Jatiya and other members, although the Awami League has called a half-day strike next Wednesday.

India says Colombo willing to resume talks

BY K. K. SHARMA IN NEW DELHI

THE Sri Lanka Government is now willing to enter into "meaningful" talks to solve the ethnic crisis on the island, according to India, but will have to make further concessions to the Tamil minority before an agreement can be reached.

That is the conclusion reached in New Delhi following prolonged talks earlier this week in Colombo between the Government and an Indian delegation led by Mr P. Chidambaram, a minister of state.

The Indian side was told that the Sri Lankans were now prepared for a political, rather than military, settlement.

Fears that President Jayewardene had opted for a military solution were raised in recent weeks when fighting in the embattled northern and eastern parts of Sri Lanka escalated rapidly and the Government used jet fighters to bomb Tamil guerrillas.

This has become more important because of the disturbing news that the militants are determined to continue fighting and have resorted to terrorist acts in the heart of Colombo. These coincided with the discussions held earlier this week between the Indians and Sri Lankans and could seriously jeopardise their outcome. India immediately "condemned" the terrorist acts.

There could be two reasons for the explosions in Colombo. First, the militants want the Sri Lanka Government to break off the political dialogue and, second, they want to make it plain that it is they, and not the moderates, who represent the Tamils.

An assessment of the impact of the explosions in Colombo is still being made in New Delhi. In the meantime, the Indians are waiting for some important clarifications from the Sri Lankan Government to fill a number of gaps in what are described as new "formulations" (rather than concrete proposals) presented during this week's talks in Colombo.

Officials feel that there are indications of some forward movement by the Sri Lanka Government on core issues such as the overall structure for devolution of power, law and order and land settlement. But they feel that the ideas and offers that have emerged cannot be put together into a viable package without further concessions from the Sri Lanka Government.

While India agrees that there is no question of an independent homeland for the Tamils in Sri Lanka, it has stressed that moves for resuming a political dialogue will be stalled unless the gaps in the new "formulations" are filled in quickly.

The main problem now seems to be to make the concept of provincial councils in the north and East acceptable to the Tamils. The Indians feel the powers to be conferred on the councils should be adequate enough to meet legitimate Tamil demands on linkage between the two proposed councils and the issues of law and order, land settlement and language. This would go a long way towards reassuring the Tamils that they have sufficient autonomy within the framework of a united Sri Lanka.

The fear is that it might take a long time for these gaps to be filled and that an escalation of the civil war in Sri Lanka by both the Government and the militants in the meantime could sabotage efforts to reach a political settlement.

The Indians are keen that the dialogue between the Sri Lanka Government and Tamil leaders is resumed as quickly as possible but face the dilemma on how to initiate this in the light of the fratricidal strife between the Tamil militants.

So far, the Indian delegation has held talks with the moderate Tamil United Liberation Front.

Women take 8 jobs in Oslo cabinet

By Fay Gjester in Oslo

LABOUR, Norway's largest party, is back in office after four and a half years in opposition, with women holding a record eight out of 18 ministerial jobs.

A minority Labour Government headed by the party's leader, Ms Gro Harlem Brundtland, took over yesterday from the minority three-party coalition dominated by the second largest party, the Conservatives and led by Mr Kaare Willoch.

The new cabinet will submit its policy statement to the Storting (parliament) next Tuesday and MPs will debate it two days later, on May 15. By the end of the month, it aims to have ready a revised austerity budget for this year which is expected to contain tax increases and some spending cuts, both made necessary by the steep fall in oil prices since the outgoing government's 1986 budget was drawn up last year. Lower earnings by the country's important offshore petroleum industry will hit government revenues and the balance of trade.

Ms Brundtland told a news conference: "Austerity is an *inadequate term for the vast economic restructuring that must take place.*"

She said Labour would have to discard a programme of expansion adopted before general elections last September when oil, Norway's main source of revenue, was double today's price of about $14 a barrel.

Ms Brundtland's cabinet is radical in only two respects: the number of women it contains and the low average age of its members (46.5). Otherwise, the ministers chosen belong mostly to the party's centre or right wing.

It was the coalition's attempt to win parliamentary approval for a relatively mild package of austerity measures which led to its defeat. Its three parties together have 78 seats in the 157-member Storting—only one more than Labour (71), plus its parliamentary ally, the Socialist Left Party (6). Holding the balance is the tiny right-wing Progress Party.

Last week, the Progress Party's two MPs refused to vote for an increase in the petrol tax—part of the coalition package—although Mr Willoch had warned he would resign if the measure did not get through. When it was defeated Mr Willoch had to quit, but he admitted yesterday that he did so "with a heavy heart."

Nakasone poll hopes suffer big setback

BY JUREK MARTIN IN TOKYO

THE CHANCES of Japan holding a snap general election next month, considered a probability before this week's Tokyo summit, receded yesterday.

This was immediately interpreted in political circles as a big setback to Mr Yasuhiro Nakasone's hopes of retaining the Prime Ministership later in the year. He has already been heavily criticised at home for failing to protect Japan's interests at the summit.

Hopes for an election faded when the Cabinet approved a mediation plan put forward by the Speaker of the Lower House aimed at solving the complex and chronic problem of electoral imbalance.

His proposal, which would give urban areas eight extra Lower House seats and take *seven away from the countryside*, provides for a critical 30-day period in which voters are supposed to take on board the changes in the affected constituencies.

This would presumably start from the end of the current parliamentary session on May 22. Only after it had expired, apparently could the Government give the statutory 15-day notice of a Lower House election.

Mr Nakasone had hoped to be able to combine a Lower House election with the one already scheduled for part of the Upper House, which must take place on any Sunday between June 7 and July 7. The favoured date has long been June 22.

Under the Speaker's timetable, a "double election" could still theoretically be held on July 6, but the omens for that day are less favourable. A Lower House election shortly after that for the Upper House would be unpopular with all parties.

Though he has never spelled it out publicly, Mr Nakasone's apparent plan was to translate an election victory into a personal mandate that would enable him to re-write the rules of the Liberal Democratic Party which prevent its president from serving more than two consecutive two-year terms. His second term expires in October.

The prevailing view is that the Prime Minister had a "bad" summit, in failing to secure international action to prop up the dollar. This seems to have made him more vulnerable and, after yesterday's Cabinet decision, local press reports freely described him as a lame duck.

However, his political future probably still mostly depends on whether his principal rivals—Mr Shintaro Abe, the Foreign Minister, Mr Noboru Takeshita, the Finance Minister, Mr Giichi Miyazawa, the LDP executive chairman, or conceivably a dark horse candidate—can mount an effective challenge.

Philippines will honour all debts, Aquino tells Shultz

BY SAMUEL SENOREN IN MANILA

THE Philippine President, Mrs Corazon Aquino, yesterday told visiting US Secretary of State, Mr George Shultz that her Government would honour all foreign debts which the Philippines borrowed under the regime of deposed President Ferdinand Marcos.

Mrs Aquino's assurance to the US, the biggest lender, came in the wake of a split in her Cabinet on how to deal with the external debt which at the end of 1985 reached $26.2bn.

Radical members of the Cabinet led by Mrs Solita Monsod, the Minister of Economic Planning, have been urging "selective repudiation" of loans which were believed to have been misused by Mr Marcos or his close associates.

Debate on the debt issue has been raging during the past few days in the wake of Mrs Aquino's decision to mothball the completed nuclear power plant which has cost $2.3bn, borrowed mostly from the US Eximbank and other international financial institutions.

Some influential members of Mrs Aquino's Cabinet argued that the loans for the nuclear facility should not be paid because they were diverted by Mr Marcos, adding that the plant was also not safe to operate.

Mr Marcos, who is now in exile in Hawaii, has been charged by the Aquino Government in a Philippine court of plundering the economy and stashing illegally obtained wealth abroad, mostly in secret Swiss bank accounts.

Mr Shultz said Mr Marcos was free to leave the US any time but "he doesn't have a place to go." He added, however, that the issue of Mr Marcos's final destination was not discussed in his meeting with Mrs Aquino.

Spanish dockers call strike over port reform

BY DAVID WHITE IN MADRID

SPAIN'S main dock workers' union has called a general strike from next Sunday (May 18), the latest move in a long-running dispute over the Socialist Government's plans to reform the way ports are run.

The 10-day strike call brings to a head a campaign of intermittent industrial action which has affected various Spanish ports in recent weeks. It is backed by the independent dockers' union, Ceep, dominant in the sector, and by two left-wing labour federations, but not by the Socialist UGT or the Communist-led Workers' Commissions.

It is expected to have most impact in Mediterranean ports (notably Barcelona and Valencia), in Bilbao and in the Canary Islands. However, the authorities plan to enforce minimum service provisions in order to ensure essential supplies and maintain passenger traffic.

The conflict has escalated because of the Government's apparent determination to push its plan through, without waiting for the normal legislative process, which would mean delaying it until after the general elections in June.

The reform, which the unions denounce as privatisation, is aimed at rationalising Spain's ports and making them more competitive under mixed-capital authorities. It is expected to involve a reduction of some 3,000 jobs through early retirement.

The planned new port companies would be 51 per cent state-owned, with the remainder in the hands of all the private companies operating in the ports, and would be responsible for organising the supply of casual labour to supplement fully-employed workers.

This is designed to replace an odd system—preferred by the unions—under which dock workers are supplied through a special state body, the Office of Port Labour (OTP), but negotiate pay rates with the companies. When there is no work for them, they receive benefits out of state unemployment funds.

The new arrangement would transfer this cost to the employers, but in exchange the government would provide aid for the early retirement scheme. The OTP—whose function is as intermediary between dockers and dock employers—would disappear.

UN chief angers Nicosia

BY ANDRIANA IERODIACONOU IN ATHENS

THE UN Secretary General, Mr Javier Perez de Cuellar, has angered the Greek Cypriots by dismissing as "not viable" their response to his latest peace plan for Cyprus.

A spokesman in Nicosia said the Secretary General's views were conveyed to the Greek Cypriots in a "verbal message" on Thursday night. "The only reason the Secretary General does not consider our suggestion viable is because the Turkish Cypriot side supports this view," the spokesman said.

In their response to the March documentation the Greek Cypriots neither accepted nor rejected Mr de Cuellar's draft settlement plan for a two-zone federal republic in Cyprus. They called on him instead to organise either an international conference or a summit meeting with the Turkish Cypriots to thrash out in advance three issues not tackled in detail

- The timetable for the withdrawal of Turkish troops which have occupied the northern sector of Cyprus since 1974.
- Reliable international guarantees for a settlement and
- The freedom to move, own property and settle throughout the island.

Mr de Cuellar has turned down these procedural suggestions.

US growth rate of 2.7% forecast

The US Business Council yesterday issued an economic forecast which projects stronger growth this year and in 1987 and a continuation of low inflation, Reuter reports. The group forecast a 2.7 per cent rise in Gross National Product in 1986 and 3.2 per cent in 1987, after inflation.

Delivering the group's economic forecast, Mr James Robinson, chairman of American Express Corporation, said the outlook for this year and next was "decidedly more optimistic" from six months ago due to declines in interest rates, oil prices and the dollar.

Eastern refuses to pay FAA fine

BY PAUL TAYLOR IN NEW YORK

EASTERN AIRLINES, the major US air carrier, is refusing to pay a $9.5m (£6.16m) fine set by the US Federal Aviation Administration (FAA) over alleged aircraft maintenance violations which Eastern charges "have no technical validity."

Eastern's unprecedented decision to break off negotiations with the FAA and challenge the Government agency to go to court if it wants to collect the fine, brings to a head a battle between the US airlines and the FAA. The FAA has been under pressure from Congress to strengthen safety inspections and last September American Airlines paid a record $1.5m fine after it was cited for maintenance-related violations.

The FAA's proposed fine against Eastern stems from what the agency claims were 78,372 individual maintenance rule violations discovered during an in-depth investigation of almost three months. Eastern, however, says that only a small number of the FAA's findings are valid. In one case the airline claims that the FAA has cited a non-existent aeroplane.

In a statement explaining its decision to challenge the FAA—a move that could lead to a court battle and a maximum penalty of 10 times the fine if the FAA wins the case—Eastern said it had taken the action "because the preponderance of the FAA's allegations simply cannot be supported."

Yesterday, Eastern said: "There is no technical validity in the FAA's findings," adding "we would pay any fine that is technically correct." But it claimed that paying what it considers to be an unsubstantiated fine could undermine the foundations of air transport safety.

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Move to protect banks in battle against drugs

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE Government is to step up its war against drugs by seeking statutory protection from legal action for banks who volunteer suspicions about clients' possible involvement in drug trafficking.

Mr Douglas Hurd, the Home Secretary, yesterday announced that he had accepted the recent recommendation along these lines in March by the Home Affairs Committee. The Government will be tabling an amendment to the Drug Trafficking Offences Bill currently before Parliament, which is expected to come into force in the autumn.

In a letter to Sir Edward Gardner, the select committee chairman, Mr Hurd indicated he would like to extend this protection beyond banks, to anyone whose knowledge of people's financial dealings might create suspicions about their involvement with drugs. This could include investment counsellors, solicitors and accountants. The amendment would be drawn up in these wider terms.

The Government's plan has the support of the banks because it relieves them of the dilemma created by the constraints of banking secrecy and the bill's provision which makes assisting a drug trafficker obtain or dispose of his gains a crime punishable by up to 14 years imprisonment.

The Committee of London and Scottish Clearing Bankers yesterday welcomed Mr Hurd's decision, and said: "The banks will maintain their tradition of customer confidentiality. But the new legislation will provide them with a shield for responsible reporting of valid suspicions."

A bank which told the police of drug trafficking suspicions might under present law have a defence against a suit from its clients if disclosure was in the public interest, but the committee urged that the matter be put beyond doubt by granting specific statutory protection.

The bill already contains provisions allowing the customs and police to go to banks and ask for information about a drug suspect's affairs. But this does not cover situations where the bank becomes suspicious about a customer.

The amendment will allow a bank to continue its dealings with a suspected trafficker to enable the police to follow up the lead and track down further suspects.

In his letter, Mr Hurd gives other details of the Government's efforts to combat drugs, and its commitments to action on the international level, notably through the ministerial conference arranged by the United Nations in Vienna for next year.

Last year British authorities made record seizures of 348 kg (155 lb) of heroin and 79 kg of cocaine.

BR starts link across London

By Andrew Fisher, Transport Correspondent

BRITISH RAIL's new cross-London service, linking cities in the north of England with stations, airports and ferry terminals in the south, starts on Monday with seven trains a day in both directions.

The service will use London's Kensington Olympia as a new InterCity station, with savings of an hour or more on journeys between north and south England.

BR is also to open InterCity stations at Tiverton, Parkway, Devon, and Telford, Shropshire, and will introduce luxury Pullman trains between Blackpool and London.

The cross-London service will link the Channel ferry ports, Gatwick Airport, Brighton and other southern stations with Manchester, Liverpool, Stoke, Stafford, Wolverhampton, Birmingham, Milton Keynes, and Watford.

A trip between Manchester and Gatwick will take about 3½ hours. By using ferries, passengers will be able to travel on the same day from north-west England and the Midlands to France, Belgium, Holland, and West Germany.

BR is also bringing in other InterCity and suburban trains and opening electrified links in Essex and southern England.

SROs' legal immunity welcomed

BY ERIC SHORT

THE GOVERNMENT's decision to grant legal immunity to self-regulatory organisations being set up under the proposed financial services framework was welcomed yesterday by Sir Kenneth Berrill, chairman of the Securities and Investments Board, the main regulatory body.

He told delegates at the annual conference of the National Association of Pension Funds in Brighton that without the immunity the SROs would find it difficult to perform their regulatory functions properly.

Under this immunity, announced on Thursday by Mr Paul Channon, Trade and Industry Secretary, the public and member-firms of an SRO would not be able to secure damages against the SRO, its officers or employees.

The SROs will be responsible for supervising firms and individuals in the various investment markets.

Sir Kenneth said the immunity, which is rare in the English judicial system, would help the SRO's recruit the right calibre of outside representatives, who could not be expected to put themselves at financial risk in any legal action.

Also, without the immunity, the officers and officials could be reluctant to take action in their regulatory role for fear of damages claims from member-firms. This would reduce the SRO's effectiveness.

Outlining how pension funds would operate under the regulatory framework, he said in-house as well as external fund managers would need to be authorised.

The SIB was still considering the position of pension fund trustees.

He envisaged a minimum of four SROs to monitor the investment market, and stressed the need to keep the number of SROs to a low limit.

Sir Kenneth said the small investor would greatly benefit under the new regulatory system from better expertise from managers and salesmen, more disclosure of information, and controls over unsolicited calls by intermediaries.

Sir Kenneth Berrill.

Councils 'could save' on property costs

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

LOCAL authorities could save millions of pounds a year by making better use of their properties, according to a report from the Audit Commission published today.

The costs of running an average local authority's buildings account for 20 per cent of its budget, said Mr John Barratt, chairman of the working party which prepared the report. Mr Barratt recently retired as chief executive of Cambridgeshire County Council.

He estimates that his local authority spent between £50m and £60m a year on charges for heating, lighting and cleaning its properties.

"It's the biggest spend after staffing costs and affects every service," he said.

The working party urges that more information about local authorities' property and its costs should be made available, and criticises the system of local authority accounting which can make this difficult to provide.

It urges local authorities to set up property strategy and management teams to see how their properties are being used, and to make overall plans for maintaining and replacing them.

"The core message of this report is that space costs money and under-used space wastes money," said Mr Barratt.

**Our Heritage, Property Management in a Local Authority, from the Society of Local Authority Chief Executives, County Hall, George Row, Northampton NN1 1DN, £5 including postage.*

Barclays 'to expand in US market'

By William Hall in New York

BARCLAYS BANK is committed to further significant expansion of its activities in the US market according to Sir T[illegible], its chairman.

[illegible] the opening of Barclays' $200m (£130m) US headquarters building in New York on Thursday, Sir Timothy did not rule out Barclays making further acquisitions to add to its US business, on which it has already spent $1bn.

It has retail banking operations in California and New York, a [illegible] company based [illegible] and a network of branches serving corporate [illegible] in several states. It employs 7,700 people in the US and has assets of $15bn.

"North America represents our most important market outside the United Kingdom," said Sir Timothy, adding that the [illegible] skyscraper in the heart of the New York financial district was "the most visible demonstration [illegible] make to [illegible] in the banking and financial services industry here." Barclays was planning for 30 per cent growth in the next three years, he said.

The group intended to expand "significantly" the size of its BarclaysAmerican Corporation and Barclays de Zoete Wedd, its [illegible] bank which is still being formed, would seek to establish itself in the US.

IBA bid to improve local radio outlook

BY RAYMOND SNODDY

THE INDEPENDENT Broadcasting Authority plans urgent steps to improve the financial outlook for independent local radio because of deep concern about its future.

Lord Thomson, the IBA chairman, wants the IBA to have the same freedom as the BBC to run commercial radio and television as a financially integrated service.

Under existing broadcasting legislation, the IBA has to have totally separate accounting for radio and television. This means that although radio's engineering costs are small local stations may be paying the IBA more than their fair share.

"It could be argued that radio has been subsidising television," Lord Thomson said.

Between a third and a half of the 48 local radio stations are losing money or breaking even, yet the system had to pay the IBA nearly £7m last year in transmitter rental and regulation costs from a total turnover of £64m.

Lord Thomson said the authority was now looking at manpower levels.

Some members of the Association of Independent Radio Contractors, which represents local stations, believe the IBA will not be able to cut drastically its radio regulatory costs. They are now pressing for a separate radio authority—an idea which may interest the Peacock Committee, which is looking at the financing of broadcasting in Britain.

Lord Thomson believes, however that local radio has failed to market itself properly. One of the reasons why the IBA welcomed the arrival of Darling Downs Television of Queensland as the major shareholder in the London Broadcasting Company was its radio marketing ideas.

After initial scepticism, Lord Thomson, has decided to throw his weight behind plans for an independent national radio channel. He is now convinced that commercial local radio would benefit from having "a national spine."

IBA under siege, Page 7

Aircraft noise discussions planned by Government

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WIDE-RANGING consultations on whether rules governing aircraft noise at airports need to be updated have been announced by the Department of Transport.

The discussions are designed to take account of the views of all those with a direct interest in the volume of night flights at Heathrow and Gatwick airports.

They follow publication of the recent report on night time noise disturbance at the two airports, prepared by the Civil Aviation Authority. This came in the wake of research into the relationship between aircraft noise and sleep disturbance.

Some airlines want restrictions eased, whereas many residents around the two airports want them tightened.

Mr Michael Spicer, Aviation Minister, said in a written parliamentary answer that the report had found that current restrictions on night jet operations had considerably reduced noise disturbance.

But this covered only one part of the problem, and the views of many other people and organisations were also significant — including those living and working round the two airports.

Mr Spicer was anxious to hear all views so that he could determine whether the present balance of interests was right or needed updating. Views should be submitted by July 15.

The current rules lay down minimum acceptable noise levels for aircraft at take-off and landing during the day, and impose severe restrictions on the numbers of aircraft movements during the night.

ECONOMIC DIARY

TOMORROW. ASTMS annual conference in Bournemouth (until May 12).

MONDAY: Producer price index numbers (April—provisional). EEC Fisheries Council meets in Brussels. European Parliament in session in Strasbourg. EEC Foreign Affairs Council meets in Brussels (until May 13). EEPTU annual conference in Scarborough (until May 15). Society of Civil and Public Servants conference in Blackpool (until May 16). Transport Salaried Staffs' Association annual conference (until May 16). BIS monthly meeting in Basle. Club de Paris meets on Cuban debt.

TUESDAY: Building Societies' monthly figures (April). Credit business (March). Retail sales (March final). US retail sales (April advance). Norwegian [illegible] state budget.

WEDNESDAY: Mr Perez de Cuellar, UN Secretary General, visits London (until May 15). Scottish Conservative Party conference in Perth (until May 16). NUM applies to lift receivership. US business inventories (March).

THURSDAY: Labour market statistics: Unemployment and unfilled vacancies (April—provisional); average earnings indices (March—provisional), employment, hours, productivity and unit wage costs; industrial disputes. Index of output of the production industries (March). UK banks assets and liabilities and the money stock (mid-April). London sterling certificates of deposit (April). Provisional figures of vehicle production (April). East-West talks on conventional weapons resume in Vienna. Association of First Division Civil Servants annual conference in London. BP and Royal Dutch Shell interim figures.

FRIDAY: Usable steel production (April). Tax and price index (April). Retail prices index (April). Mrs Margaret Thatcher to address Scottish Conservative Party Conference rally in Perth. Welsh Labour Party conference in Swansea (until May 17). US housing starts (April), producer price index.

Britain prepares to wind down nuclear alert

FINANCIAL TIMES REPORTER

THE Government is preparing to wind down the nuclear alert which was prompted by the Chernobyl nuclear reactor disaster in the Soviet Union. Mr William Waldegrave, Environment Minister, said yesterday.

However, if the crisis in the Ukraine were to worsen with a melt down of nuclear material into the earth, the Government had contingency plans it would bring into operation, he said.

Speaking at a one-day conference on confidence in nuclear power at Lancaster University, he said there would now have to be a public debate in Britain on all nuclear matters.

Mr Waldegrave said it was unlikely a further incident at Chernobyl would lead to levels of radiation in Britain "catastrophically different" from those already experienced.

William Waldegrave: public debate needed

If there were no further accidents, the problems from radiation would disappear almost completely over the next few days. However, the Government was still advising people not to drink fresh rainwater.

"We are now at the stage where we hope to be able to wind down the measures taken, like putting out the daily bulletin," Mr Waldegrave said.

"If it gets worse, however, then some of the things countries closer to Russia have been doing, like throwing away milk, we would have to do here."

Mr Waldegrave faced a demonstration by anti-nuclear protesters as he arrived at Lancaster University for the conference, which was arranged before the Chernobyl explosion.

He told the conference the western European response to the disaster needed to be cool, calm, but thorough.

He said: "The public is not stupid. It is no good just reassuring by public relations.

"One good thing is that there seems to have been an improvement and an increasing rationality in the way people are talking about nuclear matters since it became so tragically serious for us."

Mr Harold Bolter, of the state-owned British Nuclear Fuels, told the conference that Britain's nuclear power industry was on probation following the Chernobyl accident. There were no short-cuts to safety in Britain's nuclear plants, he said.

Mr Bolter, whose company runs the Sellafield nuclear reprocessing plant in Cumbria, said he was astonished that so little was known in Britain about the dangers of radiation.

In London, Mr Guerman Gventsadze, a Soviet Embassy official, was summoned to the Foreign Office to hear fresh complaints about his government's handling of the disaster.

Meanwhile, a gas-cooled nuclear reactor at Hinkley Point B power station in Somerset was shut down yesterday when an electrical generating plant developed a fault. The Central Electricity Generating Board said no radiation was released

Robin Reeves writes: the CEGB is to press ahead with exploratory drillings for the construction of a second nuclear power station at Wylfa, Anglesey, north Wales.

The move was disclosed at a meeting of the board's local liaison committee at the north Wales nuclear site called to allay the fears of local residents

Mr Ray Razzell, the station manager, said the drillings, which would form part of a feasibility study for a second nuclear station, would go ahead on May 19.

BASE LENDING RATES

	%		%
ABN Bank	10½	Financial & Gen. Sec.	10½
Allied Dunbar & Co	10½	First Nat. Fin. Corp.	11½
Allied Irish Bank	10½	First Nat. Sec. Ltd	11½
American Express Bk.	10½	● Robert Fleming & Co.	10½
Amro Bank	10½	Robert Fraser & Ptrs.	11½
Henry Ansbacher	10½	Grindlays Bank	‡10½
Associates Cap Corp	11	● Guinness Mahon	10½
Banco de Bilbao	10½	● Hambros Bank	10½
Bank Hapoalim	10½	Heritable & Gen. Trust	10½
Bank Leumi (UK)	10½	● Hill Samuel	§10½
Bank Credit & Comm	10½	C. Hoare & Co	10½
Bank of Cyprus	10½	Hongkong & Shanghai	10½
Bank of Ireland	10½	Johnson Matthey	10½
Bank of India	10½	Knowsley & Co. Ltd	11
Bank of Scotland	10½	Lloyds Bank	10½
Banque Belge Ltd	10½	Edward Manson & Co	11½
Barclays Bank	10½	Meghraj & Sons Ltd	10½
Beneficial Trust Ltd	11½	Midland Bank	10½
Brit. Bk. of Mid. East	10½	● Morgan Grenfell	10½
● Brown Shipley	10½	Mount Credit Corp. Ltd	10½
CL Bank Nederland	10½	National Bk. of Kuwait	10½
Canada Permanent	10½	National Girobank	10½
Cayzer Ltd	10½	National Westminster	10½
Cedar Holdings	12	Northern Bank Ltd	10½
● Charterhouse Japhet	10½	Norwich Gen. Trust	10½
Citibank NA	10½	PK Finans. Intl (UK)	12
Citibank Savings	¶10.75	Provincial Trust Ltd	11½
City Merchants Bank	10½	R. Raphael & Sons	10½
Clydesdale Bank	10½	Roxburgh Guaranty	11
C. E. Coates & Co. Ltd	12	Royal Bank of Scotland	10½
Comm. Bk. N. East	10½	Royal Trust Co. Canada	10½
Consolidated Credits	10½	Standard Chartered	10½
Continental Trust Ltd	10½	Trustee Savings Bank	10½
Co-operative Bank	*10½	United Bank of Kuwait	10½
The Cyprus Popular Bk	10½	United Mizrahi Bank	10½
Duncan Lawrie	10½	Westpac Banking Corp	10½
E. T. Trust	11½	Whiteaway Laidlaw	11
Exeter Trust Ltd	11	Yorkshire Bank	10½

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N-industry 'failed to allay fears' on waste

Financial Times Reporter

BRITAIN'S nuclear industry yesterday accepted criticism by the Commons environment committee of its failure to allay public fears over radioactive waste, but argued that the disposal of nuclear waste should cause the public negligible concern.

The industry welcomed the opportunity to explain itself again and accepted that there was a need to avoid technical jargon, said a statement from the Central Electricity Generating Board.

In an interim response, the industry welcomed that section of the select committee's recent report on radioactive waste which deals with low and short-lived intermediate level disposal, describing it as "wide-ranging, hard-hitting and constructive."

A more detailed collective response from the industry to the whole of the report was promised in due course, the CEGB statement said.

UK Nirex (the Nuclear Industry Radioactive Waste Executive) recently announced plans to investigate four possible sites for the shallow disposal of low-level and short-lived intermediate level waste. These are at Elstow, Fulbeck, Killingholme and Bradwell.

The statement said the industry was trying to resolve the problem of low-level waste, which had an economic impact on the production of electricity and the efficient operation of hospitals and industry.

The select committee report, says the statement, appears to lack perspective since it gives the erroneous impression that radioactivity is produced only by the nuclear industry. "In fact we are surrounded by naturally occurring radioactive materials. Although these present measurable health hazard, this hazard is in fact quite small."

Nevertheless, the industry remains very conscious of this natural radioactivity when planning for the disposal of its waste material. "We set ourselves the target of disposing of our material in such a way that in all conceivable circumstances the risk to the public collectively, or to any individual member of the public, is totally unimportant and insignificant compared to the risk from natural radioactivity."

On select committee comparisons with the policies of overseas utilities, the industry says: "From overseas evidence, we see no reason to conclude that our standards or plans for waste disposal are significantly different from other countries. They are simply optimised for the physical characteristics of our own country."

UK and China to hold further talks on bonds

By Peter Montagnon

BRITAIN and China have agreed to hold a second round of talks on outstanding financial claims between the two countries. The claims go back to before the Communists took over in 1949 and include £223m in outstanding payments on Chinese bond issues. on Chinese bond issues.

The British Embassy in Peking described a first round of talks, which ended yesterday, as "friendly and frank." It said they would resume soon.

No timetable for the talks has been announced, but bankers in London say the mere fact that they are to continue was encouraging because of China's previous refusal to negotiate on the claims.

The talks cover various financial claims but most attention focuses on the unpaid bonds. A settlement agreement on this debt would allow China to resume raising money in the sterling market as well as through the issue of dollar Eurobonds, most of which are arranged in London.

The first round of talks was described as preliminary and had not been expected to reach a conclusion due to the complexity of the issues involved.

Lisa Wood assesses the pitfalls of an increasing demand for free range eggs

Consumer scruples hatch a new market

FEATHERS ARE flying as Britain's egg producers seek to respond to changing consumer demands in a commodity market worth about £900m a year at retail prices.

More consumers are demanding free range eggs, seeing them as more humanely produced than battery eggs. Battery production, with up to five hens in a cage providing about 450 sq cm of living space per bird, has been the primary form of egg production in Britain for the past 20 years. It has provoked widespread criticism over the birds' welfare.

Whereas free range eggs were once available only from local farmers, today major co-operatives such as Goldenlay and Thames Valley Eggs are supplying the new demand from big supermarkets.

But shoppers' moral scruples come at a price. Free range eggs, introduced at J. Sainsbury two years ago, retail at around 23p more per half dozen than the same number of size three battery eggs.

The price is unlikely to come down in spite of the expected 5p drop in the price of eggs next week, brought about by an over-supply of domestically produced eggs coupled with imports from the Continent.

"The market is not, however, over-supplied with free range eggs," said Goldenlay, "and the price should not go down."

In spite of this price premium, and a general decline in the UK in per capita consumption of eggs over the past decade (from 256 in 1974 to 224 in 1984) the free range product has established a toehold in the market, accounting for an estimated 6 per cent of all egg sales in the UK. Producers and retailers do not expect this to exceed 10 per cent because of the price difference.

But it is not just free range eggs that are appearing on the supermarket shelves. New EEC regulations identify four categories of non-battery produced eggs in a voluntary coding on methods of production. They are:

● Free range: Hens must have continuous day-time access to open air runs mainly covered by vegetation and there must not be more than one hen per 10 square metres. Shelter has to be provided.

● Semi-intensive: The regulations are the same but the permitted maximum density is 2.5 square metres per hen.

● Deep litter: Hens are housed with no more than seven hens per square metre and one-third of the floor space has to be

litter such as sand, turf or straw.

● Barn (or perchery): There are no cages and hens must be provided with perches providing 15 cm of space per hen. The maximum stocking density must not be more than 25 hens per square metre.

The Royal Society for the Prevention of Cruelty to Animals points out that the perchery hen is in fact stocked at a higher density than battery hens.

"But the birds have a measure of freedom," said Mr John Douglas, farm animals manager at the RSPCA. "These new recommendations are an attempt to establish systems that are more acceptable in welfare terms."

The recommendations were introduced to safeguard consumers so that boxes of eggs carried legally accurate descriptions of their method of production.

The new systems may be more acceptable to the consumer but they involve higher capital costs to producers. Mr David Humphrey, with several laying farms in Hampshire and Essex, is the largest supplier to Thames Valley Eggs, Britain's biggest egg-producing co-operative with 120 participating farmers producing 21.5m eggs per week.

Last year Mr Humphrey started producing barn eggs and by 1987 he will have invested £200,000 in plant for the project. Installations for new £130,000 free range units are about to start. "We could not contemplate producing eggs in this way without charging a premium as the capital costs alone are much higher than for battery-produced eggs," said Mr Humphrey, whose company S. J. P. Humphrey Holdings had a turnover of £10m last year.

Installations for free range eggs, he said, cost £12 per bird compared with £6 per bird for battery construction. Free range eggs also posed problems with increased contamination for hens from worms and viruses, as well as fewer eggs produced per season than by the battery method.

There has been little public debate over problems caused by increased large-scale free-range egg production. Many hens, incidentally, choose not to go outside they prefer the warmth of the hen-house. The British Egg Industry Council does, however, say that whereas the average mortality rate per annum for caged egg producing hens is five to six per cent a year, the rates in other systems is estimated to be nearly double that.

Whatever the problems, this is a nettle that producers are keen to grasp, given the forecasts of tumbling profits on battery produced eggs. Mr Humphrey said: "We are responding to market demands. If the consumer will pay a premium, we will deliver the eggs."

Liverpool leaders defy Kinnock in wake of poll

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

LIVERPOOL'S LABOUR leaders yesterday defied Mr Neil Kinnock and the party's national executive in the wake of Labour's performance in the local government elections, in which they held the city with an unchanged majority.

The NEC is due to meet on May 20 and 21 to consider expelling 12 Liverpool members for alleged militant activity. One of them Mr Tony Mulhearn, president of the suspended District Labour Party, said yesterday: "Kinnock and the right wing must recognise that what counts in politics is the vote of the working class. The NEC will fail to recognise what has happened at their peril."

Labour, defending 17 seats, lost one to the Alliance but gained one back. A dramatic change was the collapse of the Conservative vote, with six gains by the Alliance in formerly "solid" middle class suburbs. The council composition is now Labour 54, Alliance 37 and Conservatives seven.

Only one of the 12 accused Labour members was standing this year, DLP secretary Felicity Dowling. She said yesterday: "Everyone knew exactly who I was and that I face expulsion from the party. I got 71 per cent of the vote. What more need I say? We would have won more if the DLP had not been suspended and I had been able to do my job."

On Monday, Mr Mulhearn is to chair a meeting of the temporary co-ordinating committee that is running the party while the DLP is suspended — in spite of the NEC's declaration that he has no right to the office. Mr Mulhearn said the committee would convene "a meeting of delegates to the DLP" on Wednesday.

Technically, this would not be a DLP meeting, although its composition would be the same. The meeting would decide the party's policy for the next year in the light of the election results.

Mr Mulhearn expects that the appeals of 47 Labour councillors — 11 of them now re-elected — against disqualification last year by the district auditor for actions will now take place in June, though their solicitors said yesterday that a date had yet to be fixed.

Sir Trevor Jones, the Liberal leader, is predicting at least six Alliance gains in the subsequent by-elections if the appeal is lost, because the Liberals will be defending nothing and would mobilise fully against Labour marginals. He would then at least expect to take office with Conservative support.

The other significant events in Merseyside politics on Thursday were the loss of Conservative control of the mainly middle class boroughs of Wirral and Sefton, once thought unassailable Tory strongholds.

The Alliance now stands to gain from the Conservatives their two Sefton parliamentary seats of Crosby and Southport and the Wirral constituency of Wallasey (where the Foreign Minister, Mrs Lynda Chalker, is the MP) at the next general election.

Helping the Alliance defeat Labour in Liverpool is therefore unlikely to remain in the Conservatives' interests.

Tories left controlling no Scots regions or islands

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THURSDAY'S elections have left the Conservatives controlling none of Scotland's 12 regional and island councils.

The loss of the Lothian, Tayside and Grampian regions and the overall increase in Labour's domination of politics in Scotland form a gloomy prologue to next week's Scottish Tory Party conference in Perth.

With the results still incomplete the Scottish National Party had overtaken the Conservatives in percentage terms. Labour emerged with 45 per cent of the vote, the SNP with 18.5 per cent, the Conservatives with 17 per cent and the Alliance with 15 per cent.

The Tories put their failings down to the same malaise which harmed the party elsewhere in Britain. "We've lost about 400 seats in England and Wales and it is not particularly surprising that we lost 40 in Scotland," Mr Malcolm Rifkind, the Secretary of State for Scotland said.

Mr Rifkind took over his job in January when Mr George Younger was moved to the Defence Ministry. The Tories hoped the new man — "the Rifkind factor" they called it—would control some of the damage at the polls.

Labour now runs all the regional councils in Scotland's central belt. In Strathclyde, the party increased its seats from 80 to 87 in the 103-seat council. Labour kept the Central and Fife regions and regained control of the Lothian region which a Conservative minority ran with help from the Alliance.

Lothian, when last under Labour, became the first council in Britain to seriously challenge the central government's attempts to control local government spending.

In Dundee, the Conservatives lost control of the Tayside region which they have run since local government reorganisation in 1974. Yesterday's vote left them with 14 seats, down from 27. Labour controls 20, the SNP nine, independents two and the Alliance one.

ICI victory in unbranded drug production case

Financial Times Reporter

ICI HAS won a High Court case covering unbranded production of its heart drug Tenormin, one of the largest selling drugs in the world.

Generics (UK) has agreed to make an interim payment to ICI of £1,333 per kilo on production of atenolol, the generic name for Tenormin. The fee covers the period until a formal licence is granted, at which time a royalty fee will be fixed by the Comptroller-General.

Tenormin's UK patent expires in January 1990. Under the "license of right" system introduced by the Government in 1978, ICI is obliged to offer the product to a generic producer for the last four years of the patent. Generics UK had entered negotiations with ICI, but no agreement is expected before the end of this month.

ICI said that Generics UK had been manufacturing the product and intending to sell it through another company, Approved Prescription Services.

Under the High Court agreement, APS will be free to buy atenolol from Generics, but is obliged to inform ICI if it contracts to buy the substance from any other source.

The sum of £1,333 was described as "security for damages," and not to be taken as indicating the amount of royalty payable.

Banking analyst dies

Mr Keith Reynolds, 53, the senior banking analyst at stockbrokers de Zoete & Bevan, has died. His death occurred while he was playing tennis on Thursday evening. He leaves a widow, Shirley, and three children.

Mr Reynolds, a qualified accountant and one of the best-known analysts of the UK financial services industry, joined de Zoete three years ago, and became a partner last year.

Convenience store to open on station

THE UK'S first convenience store at a railway station opens at St Pancras, London, on Monday.

The store will open daily from 7 am to 9.30 pm. It will sell basic food and household items ranging from chemists' sundries, groceries, convenience foods to fresh fruit and vegetables, flowers, fresh meat and wine and beer.

Birmingham to have credit card parking

CREDIT CARD parking starts on Monday when cash-free meters will go into operation in Birmingham. If their six-month trial is a success more are planned for other cities.

The 100 meters in the city centre will use plastic cards similar to British Telecom's phonecards.

PO to start trials of computers on counters

BY JASON CRISP

THE GOVERNMENT has given the Post Office permission to go ahead with a trial for its £100m project to put computer terminals on its counters in all its large offices.

The trial in the Thames Valley begins in two years. The Post Office is drawing up a short-list of companies which will be invited to tender for two contracts to supply the terminals and the large network needed to link them to its central computers.

The system should speed the clerks' work by reducing paperwork, and enable them to offer new services. The Post Office computers will be linked to those of other organisations enabling transactions to be made electronically while the customer is at the counter.

Initially the computers will be linked to those at the National Savings Bank, the Driver and Vehicle Licensing Centre in Swansea and its own National Girobank. The Post Office hopes eventually to be linked to commercial organisations so that it can for example issue theatre tickets, or book hotels, at post offices.

Through National Girobank the counter terminals will be able to conduct electronic transactions with the Co-operative Bank, Citibank Savings and a number of building societies such as the Abbey National.

The Post Office has the largest number of retail outlets in the UK, and intends to put the terminals into 6,000 of its 20,000 offices. Companies expected to compete to supply it include ICL, Fortronics, Burroughs, NCR, and Software Sciences.

A substantial part of the income for its counter business comes from performing agency work for the Government. But the Government, particularly the Department of Health and Social Security, has been cutting the amount of work it gives the Post Office.

It sees the computer system as a way of stimulating new business, though it would require a change in the law to offer agency services to private companies.

Mercury deal worth £18m

BY JASON CRISP

GEC TELECOMMUNICATIONS announced yesterday that its contract to supply Mercury Communications with System X digital exchanges was worth £18m.

The size of the order shows that Mercury intends to instal a number of local exchanges in addition to the one in the City which was disclosed earlier this week.

Mercury starts competing with British Telecom next Thursday for trunk and international calls. The decision to buy System X local exchanges means that it will start competing for local calls much sooner than had been expected.

GEC Telecommunications, which only won the order this week, has almost finished making the exchange for the City which it built in anticipation of winning the contract. Speed of delivery was a key factor in winning the contract and GEC expects to deliver within a month.

The other exchanges are expected to be delivered over the next year. Mercury would not disclose where they would be installed, but they will almost certainly be in large cities on its trunk network.

BSC to sell Canadian stake

FINANCIAL TIMES REPORTER

BRITISH STEEL has agreed to sell its 50.1 per cent stake in Slater Steels of Canada to Mr David Fingold and his brother Mr Paul Fingold of Toronto. The terms of the sale were not disclosed.

The deal follows the collapse last month of a bid by the brothers to buy the stake in a joint venture with Peterson, Jacobs and Harding, a New York investment company.

The Fingolds, who sold control of Slater to BSC in the early 1970s, said they expected the deal to be completed next week. Slater is based in Hamilton, Ontario and has plants in Quebec and Indiana.

Crown Agents in call for privatisation

BY WALTER ELLIS

THE CROWN AGENTS, which provided export credits and other financial services last year to 129 countries trading with Britain, has urged the Government to ensure an early change in its status from public corporation to public limited company.

Mr Peter Graham, the Senior Crown Agent and chairman, writing in the annual report and accounts for 1985, said yesterday that he and the board were disappointed that the bill needed for a change in status might now be further delayed.

Restrictions imposed by the Crown Agents Act and the existing capital structure were a severe handicap to development, Mr Graham said. They hindered the corporation's ability to improve its worldwide services further.

Government approval last year for a scheme under which the Crown Agents could undertake business as a supplier of goods in its own right, as distinct from goods supplied by others with the corporation as guarantor, together with revised packaging, shipping and insurance capabilities, enabled it to compete internationally on a fully competitive basis.

Nevertheless, if the board was to go ahead with its agreed plans for privatisation, changes were required, especially in capital structure, and these depended on legislation.

The Crown Agents made a pre-tax profit in 1985 of £1.9m, up from just over £1m in 1984, reflecting an improvement in sales and margins.

The report says that since many of the countries served by the Crown Agents suffer from below-average economic growth, most of the increased income arose from successful marketing of an improved range of services.

Growth took place mainly in Africa and in connection with work on behalf of the UK bilateral aid programme, the International Development Agency and the various agencies of the United Nations.

Several industrial countries lowered their interest rates in the early months of this year, the report adds, but in the developing world debt obligations and the level of interest payments remained at "a dangerously high level."

Despite last year's realignment of major currencies and the growing commitment to reduce the US budget deficit, the developing countries' debt-servicing capacity depended critically on increased access to export markets for commodities and manufactured goods.

Mr Graham said that last year's Crown Agents' results, for the third year running, were broadly in line with projections. The full internal restructuring of the organisation remained due for completion this year.

LIVING WITH TERRORISM

FT writers on US travellers' crisis of confidence

Wary Americans dodge the hot spots

"CAN I call you back?" An innocuous enough request in normal circumstances, it has a sinister overtone to the inquirer asking a US company director to discuss his security provisions in the wake of the air raid on Libya.

His return call through the Financial Times switchboard confirms bona fides and consists of a polite apology: "Obviously we have reviewed all our security, but I am not at liberty to discuss details."

The recent spate of terrorist attacks in Europe—six Americans have died in three overseas assaults so far this year, compared with 25 last year and 16 in 1984—has already stemmed the traditional spring migration of tourists across the Atlantic. Almost 2m trippers cancelled holidays abroad after the December attacks on Rome and Vienna airports.

The US travel industry expects to sell about 25 per cent fewer European holidays than last year, when 6.4m Americans made the trip. New York agents dealing in European charters claim bookings are down 50 per cent on last year. School trips are being cancelled wholesale.

The British Incoming Tour Operators Association claims cancellations of group visits so far have reduced bookings from the US by 30 per cent, and it expects the number of Americans visiting Britain this year to fall far short of the record 3.3m in 1985.

Even hardened company executives, used to dealing with bombings and kidnappings in Latin America, are showing concern.

The business world must keep turning, however, and although there have been cases of cancelled conference visits and reports of the odd businessman staying at home, there are few signs of the wholesale withdrawal into Fortress America. Nor are there any discernible indications of companies planning cancellation of European investment plans or closing down operations.

Among the most stringent travel restrictions so far reported are those imposed by Mr Edward Jefferson, British-born chairman of Du Pont, which manufactures in more than 60 overseas locations. He has banned all company travel to the Middle East, urged executives to postpone visits to Europe, and told them to rely more on the telephone and letters for communication. The company said his memorandum was issued "in response to world events, and world events will determine when those restrictions will be lifted."

Others are less rigid. Hewlett-Packard—two of its employees were killed when Arab hijackers blew up an EgyptAir jet in Malta last November—says: "We have no absolute travel restrictions in place, although we are encouraging employees in Europe and the Middle East to limit their travel to trips that are absolutely essential."

Many US companies say they adopted special security procedures long ago. Merrill Lynch, for example, already has a cautious travel policy. Employee trips to the Middle East are restricted, and executives travelling to the same overseas destination take separate, staggered flights.

> Even hardened executives, used to Latin American kidnappings, are showing concern

Such relatively simple, commonsense precautions are now becoming the rule. Executives are tending to travel only when absolutely necessary; they are avoiding Mediterranean "hot-spots" like the airports at Rome, Athens and Cairo; flying by company jet where possible and avoiding US airlines in favour of "neutral" lines such as Sabena, KLM, SAS and Swissair. The impact of this is already apparent on TWA, which blamed its first-quarter loss of $170m partly on the public's fear of hi-jack.

Business travellers are also being advised to maintain a low personal profile: to dress soberly, particularly to eschew typically US casual clothes like baseball caps and plaid trousers to leave behind their expensive luggage and not to hang around in airports. One European-based executive told the New York Times that he now avoids talking to his fellow passengers, waits patiently in line at customs and passport control and has ordered his chauffeur to hang up his cap and uniform.

Another businessman, obliged to fly regularly is reported to have adopted a totem which he hopes will ward off trouble. He wears a lapel badge with the legend: "Down with Israel."

But one man's personal confidence booster will do little to cheer European travel agents, hoteliers and restaurateurs scanning sparse booking schedules and empty tables. For the moment, there seems to be little that they can do to restore confidence among US travellers.

Most EEC countries are spending heavily on tourist advertising in America. Greece, for example, has budgeted for a $3m campaign to try to offset the effect of a State Department warning that Athens airport is unsafe.

Mr Colin Marshall, chief executive of British Airways, who warns that in the short term passenger traffic from the US to the UK could fall by between 10 and 15 per cent, is planning an initiative in the next few weeks to try to entice passengers back. "It could include proposals for changes in fares," BA says.

Cheaper flights, less queueing and more space in usually crowded sightseeing spots may offer some consolation for those bold enough to brave the political elements and make the trip. Their postcards and vacation reminiscences on return do more to restore confidence among the stay-at-homes than any amount of advertising pressure.

Those already in Britain seem happy enough. A Minnesotan on the steps of St Paul's Cathedral, buttoned up tight in his new Burberry with a paper bag on his head, grins happily. Was he worried? "Hell, no." His wife clutches his arm: "The friends we were coming with cancelled out," she says. Raindrops clatter on his hat like buckshot, bouncing off his new coat. He waves his arm expansively: "We wouldn't have missed this for the world."

Contributions from Paul Taylor in New York; James Macdonald, Lynton McLain and Christopher Parkes in London.

BRITONS FLY ON UNDETERRED

UK TOUR operators, still embroiled in the traditional late spring battle for custom among late-bookers, detect few signs of reluctance to travel among determined British holidaymakers. Mr Roger Peverett, marketing director of Lunn Poly, a leading agent, reports that bookings to Spain, Portugal and most of the Greek islands are higher than last year. However, sales of trips to the eastern Mediterranean are down.

Tour operators may not do as well as last year, and the Libyan crisis may be a factor. But their ambitious sales targets may also play a part. Thomson, for example, has almost doubled its summer programme for 1986, offering 2.2m holidays. Intasun has a schedule of 1.75m compared with 1.2m last year. Horizon has added 500,000 and all three have cut prices by about 20 per cent.

"There are still nearly 2m unsold package holidays to the Mediterranean," says Mr Peverett. Despite fears that there might not be enough aircraft seats to match demand, the operators have managed to find extra capacity. "Now competition is leading to further discounts," he adds.

A BUSINESSMAN'S GUIDE TO STAYING ALIVE

SECURITY company Defence Systems has an eight-page guide for those at risk. The advice includes:

- At home ensure there are good locks on doors and windows and never give your name or telephone number when answering the phone.
- Vary the times you leave and return home, the entrances and exists you use and the route you take to work or the airport.
- In the car wear seat belts to make it harder for someone to snatch you from the vehicle. Lock the doors from the inside.
- Before getting into your car look for protruding loose wires or an extra package inside. A quick sniff may also help, as explosives have a peculiar odour.
- If you are a potential target, give up jogging or at least choose a well populated area at busy times
- If you use a company car, don't always use the same one. Ensure that office visitors are always escorted. Never go to the office after hours. Don't sit or stand near windows.
- Air travel: avoid airlines which are likely terrorist targets.

Don't use identifying luggage tags. Replace expensive luggage with something nondescript.

- On board an aircraft never sit on an aisle seat where a hijacker might pick on you.

Simple precautions help hedge the security risks

David Lennon outlines an executive's safety code

THE MURDERS of Black and Decker executive Mr Kenneth Marston outside his home in Lyon, France, last month and of Mr Olaf Palme, the Swedish Prime Minister, who was assassinated while strolling home from the cinema in Stockholm earlier this year show how vulnerable politicians and businessmen are to terrorism.

It may seem that taking security precautions is unnecessarily paranoid, and some may complain that worrying about security is "tombstone thinking." But the past decade has seen dozens of executives snatched by kidnappers and many others killed by bombs and in hijackings.

According to the US State Department there were more than 5,000 terrorist acts around the world between 1975 and 1985. About 4,000 people died in these incidents, and more than 8,000 were wounded. In 1984 alone the State Department tally showed nearly 600 international terrorist attacks, a 20 per cent increase on the annual average for the previous six years.

Since 1980 there has been a sharp increase in terrorism. Actual and attempted assassinations rose from 863 in 1981 to 1,123 in 1984, bombings doubled to 3,300 during that period and arson and incendiary attacks rose from 540 to 1,341.

How should individuals respond to this increased threat? It is possible to hire a team of bodyguards, for what the professionals refer to as "close escort" protection. This will cost upwards of £200 a day per escort, and much more for round-the-clock protection.

More practically, there are simply rules which can be followed to improve your chances of staying alive.

Measures to inhibit the risk can be broken down into four categories, says Mr David Abbot, director of Defence Systems, a London company which specialises in corporate and VIP security. The four are: security at home, at work, at leisure, and while travelling (see left).

"If you accept that you are at risk and that you have to take precautions, then you are on the right road," according to Mr Abbot, an SAS veteran. People are more aware today of the need for security, he says, but still not enough.

"You have to make yourself a hard target so that the terrorist or criminal will go instead for an easier, lower risk target," he says. "Terrorists are looking for a soft target because with a very few exceptions, they don't want to die."

The general principles of personal security for anyone who may be at risk are to be alert, aware and suspicious, to avoid routine especially when travelling, to be methodical in checking procedures, to use initiative and common sense when danger arises, and to ensure good line of communication in cases of emergency.

These safety-first rules should be consciously practised until they become second nature, the security experts stress. The biggest problem those trying to improve security find is that as the memory of a recent terrorist incident fades, people relax their guard.

These precautions may seem over dramatic, but if you are wealthy, or work for a major company which might be the target of criminals seeking money or terrorists who view you as a representative of an oppressive ruling system, then they are as essential for your health as food and exercise.

UK NEWS—LABOUR

Power workers set to start limited action on Monday

BY PHILIP BASSETT, LABOUR EDITOR

POWER WORKERS are set to begin official industrial action on Monday for the first time in 16 years. Further action is to follow if their pay dispute is not resolved.

The initial, limited action will have no effect on electricity supply although unions representing the 70,0000 power workers are warning that the action will be cumulative unless there is a deal with the electricity boards.

Leaders of the four unions representing manual workers in the electricity supply industry are to send out on Monday notification of industrial action over pay. The action will take two forms:

- An immediate ban on putting into practice all new initiatives being sought by managers to improve efficiency and productivity measures.
- A ban on overtime from May 25, unless there is a settlement to the pay dispute. This would not immediately affect supplies but there would be no out-of-hours maintenance work, or work on capital projects, where the effects could build up. Power workers would continue with stand-by and emergency arrangements beyond their normal hours of duty.

The move by the unions towards the first official industrial action in electricity supply since 1970 follows a protracted negotiating session running late into Thursday night which produced a marginal increase in the Electricity Council's pay offer to its manual workers.

Further talks have been arranged between the two sides next Wednesday, and neither side would give any indication yesterday of the change in the offer in this week's lengthy negotiations.

However, it is understood that the management raised the original pay offer of about 5.5 per cent, which would have yielded weekly increases of £6.25-£11.51, by only 0.25 per cent, which the unions regarded as unsatisfactory.

In addition, representatives of the Electricity Council—which negotiates on behalf of all 12 area boards—offered a one-off, ex gratia payment to all manual workers of about £50.

The offer also includes a proposal to review away from the pay talks some aspects of manual workers' grading, which is leading to some strains in inter-union relations. The unions are pressing for the establishment of a technicians' grade.

The four unions' planned industrial action follows a ballot among members which saw 72 per cent in favour of action.

The executive council of the electricians' union EETPU, one of the principal unions representing power workers, is to meet tomorrow in advance of its series of industrial conferences next week.

The union's electricity supply conference, which is likely to consider the present pay position, will have before it a resolution calling for a basic salary starting at £200 a week.

British Aerospace seeks long-term pay deal

BY MANI DEB

BRITISH AEROSPACE is seeking a long-term pay deal with its workers at the Warton division, where Tornado production has been halted by a strike.

The company had been facing a partial ban on overtime and a work-to-rule over a pay and shorter hours claim before 6,000 engineering and electrical staff stopped work.

It said the long-term deal—to be spread over two to three years—would maintain continuity of production.

British Aerospace said the offer was worth 13 per cent over 1986 and 1987, or 18 per cent for the three years to 1988. This package would apply to the Amalgamated Engineering Union and the EETPU electricians' union members who had rejected a 5.17 per cent offer accepted by the 10,000 other employees in the division.

It had been rejected because of a proposal for merit increases, BAe said.

An AEU official said yesterday that the offer worked out at only 5.17 per cent for 1986, 4.6 per cent for 1987 and 4 per cent for 1988. On top of this there would be an extra 0.5 per cent for every 1 per cent rise in the price index above 4.6 per cent from 1987.

There would also be a £5 a week merit rise based on a point system with penalties for bad time keeping, poor attendance and quality of work. This would be supervised by foremen, which the unions said was "totally unacceptable."

The unions said that on April 28 it had offered to forego a claim for a cut in the work week from 39 to 37 hours and a claim for an extra two days' holiday a year settling for a £250 lump sum for all workers in the 1986 deal. However, the management had said it had "no mandate" for such an improved offer.

Finally, the management agreed to remove the merit rise clause and to negotiate on the 1988 increase if the 1986-87 offer was accepted. The union rejected this.

Court orders NUS to call off ferry strike

By Our Labour Staff

TOWNSEND THORESEN has won a High Court writ ordering the seamen's union to call of its action at Felixstowe. The eight-week-old dispute over job cuts also affected ferry services at three other ports.

The company claimed the National Union of Seamen did not conduct a proper ballot before going on strike and halting passenger services to Zeebrugge from April 9.

Sailings did not resume yesterday. The NUS said it had withdrawn its action call to its Felixstowe members and any strike was now unofficial.

Townsend Thoresen crews at Portsmouth and Dover resumed normal working last week after similar court orders against the union.

However, crews on the Cairnryan-Larne route between Scotland and Northern Ireland have only partly ended their action following a court order. Only one of the two ferries had begun operating since Thursday.

Technology deal signed by civil servants

By David Brindle, Labour Correspondent

AN ACREEMENT providing for full co-operation introducing new technology in the Civil Service was signed yesterday by the Civil and Public Services Association, the biggest union of civil servants.

This followed immediately the declaration of a membership ballot, which gave a narrow majority of 52.5 per cent in favour of the agreement among these expressing a preference.

The CPSA's national executive committee rushed through acceptance of the deal to pre-empt attempts to block it at the union's conference next week. The far-left militant tendency had put up stiff opposition to the settlement fearing it would mean job losses.

The technology deal gives about 150,000 clerical and data - processing workers special pay rises ranging from 1.8 per cent to 19.3 per cent, largely through shortening of pay scales, in return for working with computers.

Existing grades of clerical officer and senior data processor will be merged in a new grade of administrative officer. Present grades of clerical assistant, data processor and trainee data processor will be merged as administrative assistant.

The deal is also expected to apply to 70,000 Inland Revenue Staff and negotiations on this with the Inland Revenue staff and negotia- expected in the next few weeks.

The CPSA ballot produced 23,162 votes for acceptance of the deal and 20,932 against. There were 3,361 abstentions. A total of 464 of the union's 769 branches took part in the vote.

As expected, the full results show that the union's Department of Health and Social Security section, heavily influenced by Militant, produced a strong vote

Wool workers to hold one-day strike

WEST YORKSHIRE wool textile workers are to stage a one-day strike on May 21.

This follows a ballot in favour of industrial action, the first in the industry for 50 years, after a breakdown of pay talks.

Labour movement newspaper 'must be run competitively'

BY HELEN HAGUE, LABOUR STAFF

A NEWSPAPER run by the labour movement would have to be based on "sensible and competitive manning and technology," Ms Brenda Dean, general secretary of the print union Sogat '82, has told her members.

In an article in the new edition of the union's journal, Ms Dean spells out clearly that the labour movement would have to insist on "management that managed and editors that edit" if it was to try to run a printing press and newspaper.

Mr Rupert Murdoch's News International has given the print unions until the end of the month to accept its offer of the Gray's Inn Road, London, printing presses and £15m in compensation for sacked workers who fail to find jobs on the new venture.

The offer has been put forward as a way of resolving the 15-week-old dispute with the print unions, in which 5,500 workers were sacked immediately before the transfer of News International's titles to Wapping, east London.

In her article, Ms Dean repeats that the offer of the old printing plant could form part of an overall settlement to the dispute—but in itself it is not enough to resolve it.

However, in setting out her view of the climate among national newspapers—one of "naked competition and survival"—she establishes the conditions under which the proposals could be viable.

The evidence that job losses in the industry were inevitable once new technology came on stream in national titles was clear.

Ms Dean writes: 'So if we were to think in terms of trade union and labour-owned press we would need to have terms with sensible, competitive manning and technology, with deadlines to hit. Any thought that the paper could continue to operate in the past while the circulation war was conducted by the barrow boys from their shiny new premises using the latest equipment would be the road to quick financial ruin for us."

Running the paper would be a job for professionals, not a committee nor a "TUC carthorse."

While acknowledging that the NI offer could be a trap or a Trojan horse, she argues it could also be a challenge that the labour movement should think seriously about taking on.

- Print union leaders are due to meet Mr Wyn Jones, deputy assistant comissioner of the Metropolitan Police, today to discuss relations between pickets and police following last weekend's violent clashes outside the plant.
- Publication of the new tabloid version of the left-wing Morning Star newspaper is expected to go ahead as planned on Monday. The paper's management committee had warned it would close the paper from tomorrow if an inter-union manning dispute was not resolved.

Following meetings with regional union officials yesterday, National Graphical Association machine room managers agreed to print the relaunched paper without increasing their manning, though the issue is to examined in a month's time.

UDM majority claim

THE BREAKAWAY Union of Democratic Mineworkers has claimed that it is the majority union at Ellistown Colliery in the Leicestershire coalfield.

The National Coal Board paid UDM members at the pit a wage increase negotiated with the union's national leadership even when National Union of Mineworkers' members, who have not got the rise, were in the majority.

Mr Ken Toon, UDM national president, said that failure of the NUM to settle its claim with the NCB caused some men to switch membership. The UDM would press for negotiating rights at Ellistown, he said.

The NUM is claiming equal pay for like work.

APPOINTMENTS

New manager for Royal Bank of Scotland offshoots

Following re-organisation in THE ROYAL BANK OF SCOTLAND, Mr R. F. Riding has been promoted to general manager, UK banking, with responsibility for the direction and co-ordination of UK subsidiaries. These include St Margaret's Trust, of which he has been chairman since 1984, Royal Bank Leasing and the new factoring company of which he will be appointed chairman. He will be joining the boards of Style Financial Services and Royal Bank Insurance Services and will also join the board of The Royal Bank of Scotland Group Insurance company.

Mr Riding was general manager in charge of the financial control division of Williams & Glyn's Bank and following the merger headed the new treasury division, integrating the dealing activities and putting the structure in place.

He is succeeded by Mr John Mather, general manager, treasury operations, who moves up to become treasurer, responsible for developing treasury strategies throughout the bank. Prior to the merger, Mr Mather was head of The Royal Bank of Scotland's international division.

*

Mr James Guinness has been re-appointed a Public Works Loan Commissioner and chairman of the Commissioners. Miss Vera Di Palma and Mr Peter Brackfield have been re-appointed Commissioners. Mr Guinness is a director of the Guinness Peat Group. He was appointed a Commissioner in 1960 and has been chairman since 1979. Miss Di Palma has been director of Mobile Training and Exhibitions since 1977, and is a former president of the Association of Certified Accountants. She has been a Commissioner since 1976. Mr Brackfield is a director of Singer and Friedlander. He has been a Commissioner since 1982.

*

Former Health Minister Dr Sir Gerard Vaughan has joined the management team of HEALTH FIRST. He has been appointed a non-executive director of Mutual of Omaha International, the company behind Health First.

*

Mr Peter L. Watts has been appointed works director of WOLVERHAMPTON DIE CASTING, a wholly-owned subsidiary of the Cookson Group.

*

Mr Charles Brownlee, a partner in the Chichester office of Grant Thornton, has been seconded to the ENTERPRISE AND DEREGULATION UNIT set up by Lord Young of Graffham, Secretary of State for Employment. The unit aims to cut down on the red tape which surrounds businesses—particularly the small business which is possibly least able to cope.

*

VALLANCE ELECTRICAL ENGINEERS, Leeds, has appointed Mr Ken Crooke and Mr Alan Gardear to the board. Mr Crooke is promoted to contracts director and Mr Gardear to commercial director.

*

Mr S. D. Duffill has been appointed managing director of ADAPTA UNITS, a wholly-owned subsidiary of the Allied Plant Group.

*

Mr Tony Firth has been elected chairman of the CONCENTRIC GROUP in addition to his duties as chief executive. After six years as chairman Mr John Bettinson has stepped down because of the demands of other commitments and has been appointed deputy chairman. Mr John Crosland, director of merchant bankers Robert Fleming Holdings, is joining the Concentric board as a non-executive director.

*

WIMPEY PROPERTY HOLDINGS has appointed Mr Douglas V. Garrod as property director and Mr David H. Posner as finance director.

*

MITSUBISHI TRUST INTERNATIONAL, new London subsidiary of The Mitsubishi Trust and Banking Corporation, of Tokyo, has appointed Mr Motohiko Fujii as managing director.

*

Mr Robert G. Miotke has been promoted commercial director of ANGUS FINE CHEMICALS, a joint venture company of Angus Chemical company of Northbrook, Illinois, and Isochem, based in Gennevilliers, France. Mr Miotke will be based in London.

*

At the BRITISH OVERSEAS TRADE BOARD Dr Alan Hayes has been appointed chairman of the European trade committee from July 1. He is chairman of ICI's plant protection division.

*

Following the sudden death of Mr Peter R. H. Nash, chairman and chief executive of A. AND P. APPLEDORE, Mr Anthony C. Mackesy, deputy chairman, has assumed the responsibility of chief executive. He was a co-founder of the group with Mr Nash in 1971.

*

Mr John Barkshire is to become deputy chairman of EXTEL GROUP after the annual meeting on July 24. He will succeed Mr George Mann who is to continue as a non-executive director for a further year. Mr Barkshire, who is chairman of Mercantile House Holdings, and a director of The London International Financial Futures Exchange (LIFFE), has been a non-executive director of Extel Group since 1979.

*

Mr John Wood has been appointed financial director of the BARTLETT GROUP in Leeds. He was financial director with the Ring Group.

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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Something for everyone

AS IS the way of a three-party system, the results of the local elections and the two parliamentary by-elections on Thursday contain something for everyone — even the Conservatives.

The Labour Party continued its slow but steady advance in the urban areas and in Scotland that has become a hallmark of Mr Neil Kinnock's leadership. It had no chance in the by-elections and knew it but had the prior achievement of having won the by-election in Fulham last month. Mr Kinnock has every reason to look a shade more jaunty than, say, a year ago. His party is no longer in self-evident decline.

The Liberal-SDP Alliance, which fared badly in Fulham, recouped by winning the by-election in Ryedale in spectacular fashion and failing to unseat the Tories in West Derbyshire by only 100 votes. In the local elections it continued to win seats, if not to gain control of many councils.

As for the Government, it could have been worse. Mrs Thatcher's administration is now in its seventh year and has a history of *faux pas* behind it, especially in its second term. The Conservative Party seems to have a bedrock support across the country of about 30 per cent of the electorate and it enjoys the enormous advantage of facing a divided opposition. It may also advance some plausible excuses for its relatively poor showing on Thursday. Local elections have a habitually low turnout and do not necessarily tell much about a general election that may be two years away. Besides, the Party held on to West Derbyshire by the skin of its teeth and had a respectable share of the vote in Fulham last month.

Well managed

Sensible Tories will have discounted the results in advance, give or take a few local suprises. There are no other electoral tests on the horizon. Now is the time for the Conservative Party to steady its nerves, take stock, recover and prepare for the next general election.

On the face of it, that should be simple enough. Not only is there the asset of the split opposition where Labour and the Alliance seem to dislike each other even more than they dislike the Tories; neither opposition yet looks like a credible alternative government. The Tory economic record, barring unemployment, also looks impressive: steady growth since 1981 and a continuing fall in the rate of inflation. The consequences of the fall in the oil price have been well managed so far and the power of the trade unions has been reduced to the point where some of the unions have become less overtly political.

Yet if the Government has no cause to be unduly downhearted, it has none whatsoever to assume that recovery will come automatically. Ever since the general election of 1983 when the Tories won their huge and unnatural majority, political flair has been lacking. Even if the Government has in the end got many of the big things right—such as coming to terms with Europe and the conquest of inflation or daring to tackle the Irish question—it has made a lamentable mess of some of the smaller ones. It spent an inordinate amount of parliamentary time on the relatively unimportant business of the abolition of the metropolitan authorities and the Greater London Council. During the Westland affair, which led to the resignation of two Cabinet ministers, the Government all but ceased to function. It then backed down from its plans to dispose of BL to the Americans because of pressure from its own backbenchers. The backbenchers walked all over it on the *Shops Bill*, a measure that would have been better not introduced if the Government was not determined to see it through.

Weak nerves

The frequent piecemeal Cabinet changes, some enforced, some not, have not helped. Mr Tom King was put into the Northern Ireland office *faute de mieux* when it was judged politically expedient to replace Mr Leon Brittan as Home Secretary. Mr Brittan subsequently resigned from his new post of Trade and Industry Secretary over Westland. He was succeeded by Mr Paul Channon not on grounds of merit but because Mr Channon's appointment kept the changes to a minimum. Now it looks as if the same criteria might apply as Sir Keith Joseph prepares to leave the Department of Education, a subject that the Tories have belatedly discovered is of the utmost importance.

That is no way to run a government. Mrs Thatcher needs to be considering now both the team and the manifesto with which to fight the next election.

The Tories' understandable error when they came to power in 1979 was to underestimate the time required to turn the economy round and to make Britain more internationally competitive. They were mistaken in 1983 when they went to the country prematurely and with scarcely a new thought. They cannot afford to make the same mistake again. Otherwise one of their main epitaphs will be that at least they helped to educate the opposition. That is something, but the Tories could do better. Judged by the recent past they are risking throwing away their gains by a mixture of weak nerves and carelessness.

AFTER THE ELECTIONS

Still a three-horse race

By Peter Riddell, Political Editor

GOOD, but not quite good enough, for Labour; satisfactory, but very patchy, for the Liberal/SDP Alliance; and disappointing, but not irreversible, for the Conservatives.

This is the main message of Thursday's two parliamentary by-elections and the local government elections.

In short, it is all to play for in the run-up to the next general election within the next two years. There were already signs yesterday of jitteriness among Tory MPs. But there is no reason for them to panic, *yet*. Governing parties have done worse in the mid-term and recovered.

Similarly, Labour's euphoria and claims of being on the road to Downing Street need to be qualified. The party has certainly done well recently, not least in boosting its own self-confidence, but Thursday's results only put it near, or, at best, just over the threshold of votes (about 37-38 per cent) needed for an overall Commons majority at the next election. Moreover, Opposition parties have generally had to do rather better than this in the middle of a Parliament if they were to have a realistic chance of later winning power.

The Alliance can point to further advances and some spectacular gains. Yet the very isolated, and uneven, nature of its successes raises questions about the Alliance's claims to be a major national challenger for power.

British politics, as Dr David Owen, the SDP leader, noted yesterday, is "still obviously a three-horse race, but with different horses for different courses." The Alliance's poor showing in the Fulham by-election a month ago is merely the other side of the coin for its win in Ryedale.

While there may be a three-party system nationally, there are in practice a series of two party contests in the particular constituencies.

In about a third of the country, mainly the shires and the suburbs, it is Alliance versus Tory. In the inner cities and industrial areas it is mainly Labour versus Tory.

In both cases the third grouping tends to be squeezed, especially now when voters seek ways of maximising their anti-Tory vote. Only in a minority of seats is there a genuine three-way contest.

All this argues against reading too much into any individual result, but, instead, looking at the broader picture. Labour did well on Thursday in many target seats it lost in the 1979 and 1983 elections. A detailed monitoring by Labour of 20 key constituencies shows a big increase in the share of its vote in, for example, Bury North, Oxford East, Welwyn and Hatfield and Dudley West.

There was some evidence of Labour doing particularly well in some of the key marginal seats with a large student population such as Cambridge and Oxford West.

However, some of Labour's successes were double edged. This applies particularly to Liverpool and Lambeth where the hard left were claiming that defiance by councillors of rate capping legislation had been backed by voters in spite of the warnings of the party leadership and the moves against Militant. These results will be used by the Tories to argue that the hard left remains alive, well and influential within Labour.

The Labour analysis implies a national total of 330 seats, just above the 326 required for an outright Commons majority (though some independent estimates are slightly lower). On this basis, in a hypothetical general election, the Tories would have 271 seats and the Alliance merely its pre-Ryedale figure of 25.

However, as Labour concedes, these estimates are based on a monitoring of Labour's target seats and not those where the Alliance is competing with the Tories.

On the basis of Thursday's results, which were not generally in the Alliance's best areas, the Liberals and SDP might have made parliamentary gains in Cheltenham, Richmond and Surrey, Southend West, and Carshalton (all from the Tories) and Islington South and Bow and Poplar (both from Labour). This pattern is similar in distribution, even if much greater in scale, than that of the Liberals on their own before the formation of the Alliance in 1981.

Moreover, the successes in the London boroughs of Sutton and Tower Hamlets were very much Liberal inspired and built on its techniques of local activism and community politics.

This contrasts with the original SDP hope of challenging Labour in its inner city and industrial heartlands. With rare exceptions like Islington, this has not happened. The implication is that the Alliance can at best only hope to win 50 to 75 seats at the next election — the politics of the localised guerrilla struggle rather than an all-out national assault.

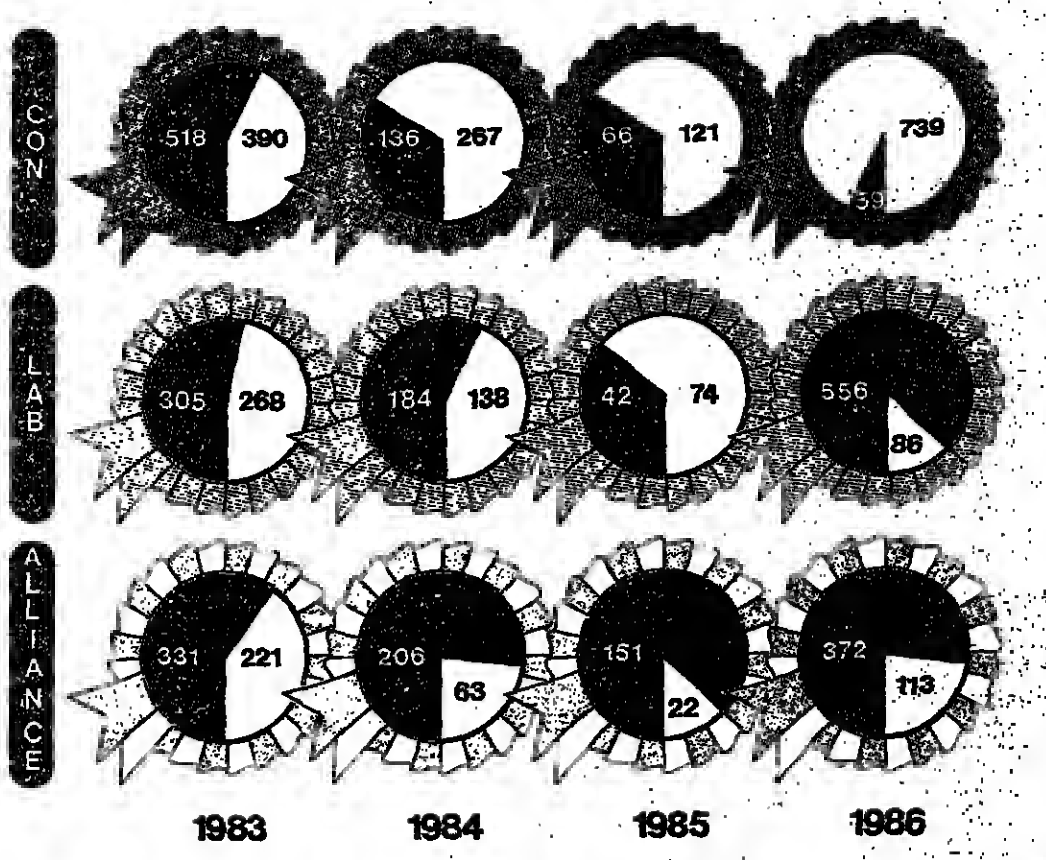
The Conservatives both suffered (in the suburbs) and benefited (notably in Wandsworth) from the unevenness of the Alliance performance. Yet it is not enough for the Tory leadership just to dismiss the results as normal mid-term reverses as Mrs Thatcher and Mr Norman Tebbit, the party chairman, did yesterday. The setback can be reversed but success is not certain.

Reports from all the elections indicated disenchantment with Mrs Thatcher (the "that bloody woman" factor) as well as concern over the level of public services. Libya made an initial impact but quickly faded. Tory MPs yesterday publicly turned to their natural scapegoat, presentation of policy, and there were already, privately, signs that some of the blame will be attached to Mr Tebbit for his aggressive style, though his job is not in danger.

Spending ministers were yesterday talking of using the election results to back their calls for expenditure on education, health and housing ahead of the election, rather than using any available money exclusively for tax cuts.

Consequently, Thursday's results may merely be the first public skirmish in a largely private battle to be fought within the Cabinet this summer and autumn about both the style and balance of the Government's approach.

GAINS & (LOSSES): seats in local authority elections



1986 figures based on results received by 4 pm yesterday

LOCAL GOVERNMENT: A DANGEROUS TIME FOR THE TORIES

LABOUR MAY have had a barren night in the politically infertile territory of Ryedale and West Derbyshire, but it more than compensated in the local government elections. It was far and away the party's best performance since losing power in 1979.

It had the Conservatives in retreat throughout the country, but particularly in the north of England and in Scotland. The Tories were driven out of town halls from York to Bristol and from Lothian to Dudley. Only one of 36 metropolitan authorities in England is now held by the Conservatives—Solihull.

The Alliance also had something to celebrate at local level as well as in the by-elections. Its gain of a relatively modest three councils — Tower Hamlets and Sutton in London and Adur in Sussex—masks a substantial overall increase in councillors, although it fell short of its target of 300.

The Alliance has strengthened its grip in the areas where it has put in a hard slog over the last few years and is becoming an increasingly well-entrenched threat to both major parties at the local level.

The Conservatives had expected the worst as in the main they were defending seats won in the midst of the Falklands crisis in 1982, when political support was at its height. Their fears have been more than realised. The reverses came on top of last year's local elections, when the Tories were driven out of power in their deepest and most traditional power base, the English shire counties.

Politically it could be dangerous for them. The growing strength of Labour in the town halls, plus the damaging inroads of the Alliance, seem certain to widen the rift between central and local government, particularly over finance. It promises to be a rough, tough year for Mr Kenneth Baker, Environment Secretary.

Furthermore, the impressive support achieved by Mr Derek Hatton and his fellow Militants in Liverpool and the return of left-wing councillors in Lambeth will give the advocates of confrontational politics the ammunition they have been seeking.

Mr Baker is said to be anxious to get the burden of local government finance off Whitehall's back as rapidly as possible and leave local spending to be decided between councillors and ratepaying electors. He could now find more support among his colleagues.

Apart from local government finance, which will be a running sore as the Government continues its efforts to scale down high spending, an explosive policy area could be education. Many more education authorities are now Labour-controlled, including the largest, the Inner London Education Authority, where Labour's grip is overwhelming.

An early indication of conflict came yesterday from the Labour-held boroughs which intend to press ahead with their own policies on the capital's new authorities set up following the abolition of the Greater London Council.

The swing to Labour in London was in part due to the Government's failure to win the propaganda battle over the abolition of the GLC. The resurrection of an executive authority for the capital should Labour return to office will now become a higher priority.

Labour, which captured Brent, Ealing, Hammersmith and Fulham, and Waltham Forest from the Tories, will be the largest party on the three joint boards for fire, planning and grants to voluntary bodies, although it will not have an overall majority. The new balance of London's 32 boroughs is Labour 15, Conservatives 11, Alliance three and three are under no overall control.

The saddest loss of all for the Conservative Party would have been Wandsworth, where the Tories have implemented Thatcherite policies of privatisation and rate cutting. Rates in the current financial year have been reduced by 20 per cent. In the event, the Tories survived by 31 to 30 and plan to continue their quest for cost cutting.

Mrs Margaret Hodge, leader of Labour's Association of London Authorities, said her party would assume the chairmanship of the three committees and aim to restore spending cuts planned by the outgoing Conservatives. "We will challenge the Liberals to support us. They have fought campaigns against cutbacks," she said.

Further ahead there could be difficulties over demands for more power to local authorities and to the regions. Both Labour and the Alliance parties are in favour of more devolution and increased tension in the next couple of years could make it an important issue at the next general election.

The Liverpool result could mean problems not only for the Government, but also for Mr Neil Kinnock as he struggles to rid Labour of the influence of Militant Tendency.

Twelve of the re-elected Labour councillors had been disqualified from holding office by the courts for wilful misconduct in not setting a rate this year, but they stood because they are appealing.

If the appeal fails next month, not only will there have to be by-elections in Liverpool, but Labour councillors in five London boroughs could also face similar charges.

The metropolitan auditor has written to warn the councillors, who represent Greenwich, Camden, Hackney, Islington and Southwark, that he is investigating the amount of money lost by the failure to set a rate last year.

The decision on whether to press charges will be a particularly delicate one given that the councillors have now been returned to office. Tricky times lie ahead on the local government scene.

Richard Evans

Man in the News

Angus Falconer

Passenger who would not take the strain

By Raymond Hughes

"HAVING been in the Navy I think I'm very patriotic. I get very annoyed at seeing Britain's relative industrial decline — in which the trade unions have played a very marked part."

Thus Angus Falconer, Commander, RN (retd), non-practising barrister, company director and, as of this week, scourge of trade unions.

In Sheffield County Court on Wednesday, Falconer, 55, was awarded £153 damages against two rail unions whose 24-hour strike in January last year marooned him in London.

Dapper and self-contained, with a square-jawed resemblance to Douglas Bader and an ability to speak of patriotism with a total lack of self-consciousness that bespeaks years in Royal Navy wardrooms, Falconer is clearly enjoying his latest battle.

He has been known to refer to union leaders as "petty Hitlers" and "tinpot dictators" - but insists this is a species to be distinguished from "the ordinary decent trade unionist," many of whom, he says, have sent donations to his legal fighting fund.

Asked what turned him from just another disgruntled commuter into an avenging litigant, he replies: "I was fed up with the repeated actions by which they had subjected the British public to deliberate inconvenience in furtherance of their own selfish and shortsighted aims. It was time someone made a stand against them."

Nor are his strictures reserved for the rail *unions*. One thing that really disturbs him, he says, is BR's failure to send a representative to the court hearing. "I think that was appalling. The inference is that they are more concerned with their industrial relations than with the welfare of their customers."

He is not, he says, a political animal.

"What I do passionately believe in is democracy and freedom for the individual. I've never thought of taking part in political activities—though" (a perceptible tightening of the jawline) "I got very angry during the miners' strike."

Angry, too, about the "Luddite approach to life" of the unions. "I firmly believe that had we not had trade unions the ordinary trade union members would now be much richer than they are because industry would have been so much more efficient and the GNP would have been so much greater."

Falconer spent 28 years in the Royal Navy. He was involved in the first Icelandic cod war in 1958 as a young lieutenant on HMS Duncan, the leader of the fishery protection squadron.

One of his last postings was a few months in DS5, the navy political section at the Ministry of Defence — "before Clive Ponting's time."

"I enjoyed the Navy enormously. It is a very hard life but an enjoyable one. There is a great deal of camaraderie and very high standards. It is an elitist organisation."

It was the Navy that made him a barrister, sending him off to read law in the Temple. After being called to the Bar in 1964 he appeared at the Old Bailey, devilling for John Buzzard, then senior Treasury counsel and an eminent criminal prosecutor.

After that it was back to the Navy, to be called on when necessary to handle courts martial, which had been the object of the exercise.

Just prior to leaving the service for family reasons in 1977 he was sent by the Navy on a one-day course on how to apply for a job. He then answered an advertisement for an assistant company secretary at the Sheffield HQ of the Aurora metals group.

He has no doubt that he owed his appointment to Aurora's then chairman, Robert Atkinson — later to become Sir Robert and chairman of British Shipbuilders. Atkinson had been in the Navy during the war.

"I am sure he chose me against the advice of everyone else. I do not think anyone else would have taken the risk of introducing a naval officer into a job of this kind." Within two years he was group secretary and on the board.

Had there been anything he had not liked about industry? *There* had. "There seemed to be a 'them and us' attitude. It's entirely contrary to one's training in the Navy, when an officer is taught from infancy to have regard for his men first and himself later."

What about industrial relations at Aurora? "In general" —a pause—"satisfactory." It is, he says, a good ship, a happy ship.

Three months ago he joined the South Yorkshire branch of the Freedom Association, the right-wing pressure group with a record of supporting litigation against trade unions.

He had only heard about the organisation a few months earlier, when it was quoted in a Daily Telegraph article about his case.

"When I read its charter I found my views seemed to coincide with their aims."

Two weeks ago he was elected to the branch committee. "My wife nominated me in retaliation because I'd proposed her for secretary."

The Freedom Association has helped him in his fight against the rail unions, not least by encouraging its members to contribute to his "Commuters Strike Back" fund. But, he says, the legal action had been his own idea and, he emphasises, his personal fight — nothing to do with Aurora.

The fighting fund has raised about £4,000. Falconer reckons his personal expense has been about £1,300 — and all for a court award of £153. It was a matter of principle, not money, he says.

To fellow directors at Aurora, Falconer is "a very well-organised chap" and "a bit of a character." He's also a jogger — "runs half marathons with his wife."

One of his colleagues comments that he doesn't waste words. "I remember one of his letters: 'Dear Sir, We spoke. Herewith document you requested. Yours sincerely.'"

To Jack Holmes, chairman of the 80-strong South Yorkshire Freedom Association, Falconer is "one of those obscure men who leap to prominence merely by attempting to do what all downtrodden people try to do when they feel they have suffered at the hands of a big organisation."

So, will he now leap back into obscurity? Falconer thinks he has enough on his plate for the time being, with the prospect of of the rail unions appealing his case all the way up to the House of Lords.

And what if, in the last event, he were to lose. Would he go to the Human Rights Court in Strasbourg?

"Oh, god," he says "I haven't even thought that far."

Interview with Lord Thomson

The IBA's 'better way'

By Raymond Snoddy

THAT most British of institutions, the Independent Broadcasting Authority (IBA), regulator and controller of commercial broadcasting in the UK, is under siege.

It has been condemned in the City of London for blocking takeover attempts of Thames Television and Granada, and its members—the peer, the professor, the justices of the peace, the trade unionist and the representative of the ethnic minority—have been recently described by Mr Robert Maxwell, the publisher, as behaving like "little Hitlers."

Critics of "public service broadcasting" have tired of taking potshots at the BBC and started to turn their attention to the quango in London's Brompton Road opposite Harrods and its 1,500 staff and £70m budget.

Even its own have started to turn against it. Independent Local Radio stations are bitter in their criticism of the IBA costs imposed upon them—about £7m last year—and have gone to the Home Office to try to get something done about it.

The ITV companies have pressed on the Peacock Committee, investigating the financing of British broadcasting, the case for either being able to take over the ownership of their own transmitters from the IBA or for a new body to transmit both IBA and BBC programmes.

"We are certainly conscious of the pressure," concedes Lord Thomson of Monifieth, former Labour Minister and EEC Commissioner now in his seventh year as chairman of the IBA.

There is, he agrees, a built-in dilemma between public service broadcasting and commercial ownership—a dilemma exacerbated by the intensity of merger activity in the City. The debate is also hotting up about the next franchising round, due in 1988. All this has made for much controversy. Last October, the IBA blocked Carlton's £82.5m bid for Thames Television, the largest ITV company, even though its owners BET and Thorn EMI were eager to sell. The decision, says Lord Thomson, occasioned "no hesitation . . . none at all."

If an ITV company is both reasonably profitable and is carrying out its broadcasting obligations then Lord Thomson believes "to allow that company to change ownership, whether its owners want it or not, by simply being bought in the marketplace by an attractive bidder is in a sense to subvert the general principle that is imposed upon us. It allows someone to do a bit of queue jumping to get a franchise by the back door."

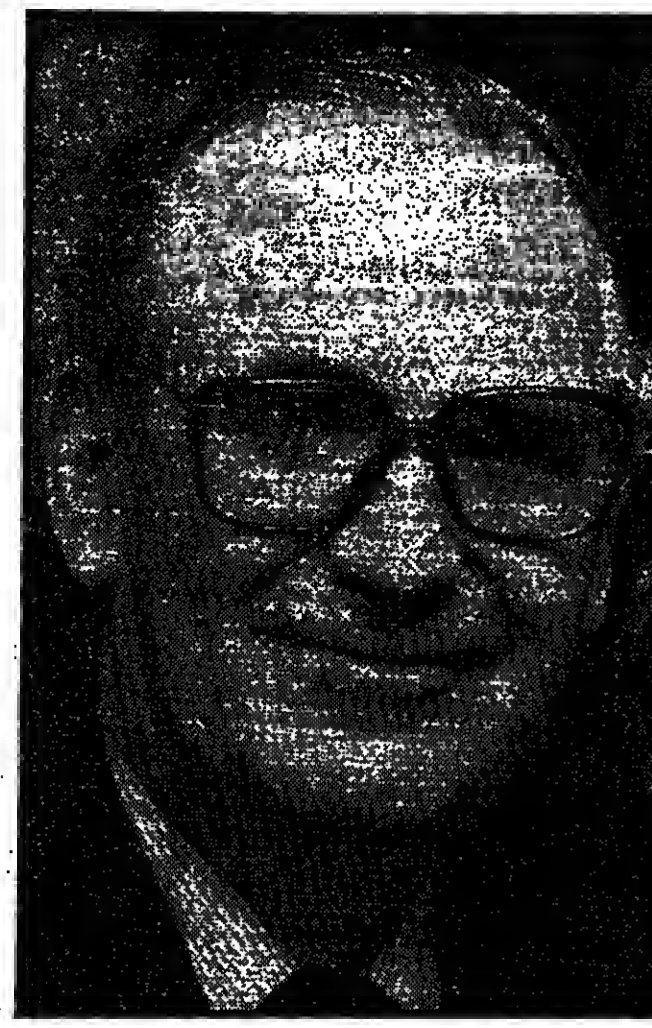
The 1981 Broadcasting Act requires, he points out, a systematic and public competition for franchises every eight years. "So long as the present system operates it is difficult to see a total change of ownership in mid-passage," he says.

The hostile £753m Rank takeover bid for the Granada Group in February presented the IBA with a more complex problem and attracted more substantial criticism.

But television accounts for less than 20 per cent of Granada, raising a number of questions: is it really the IBA's job to set itself up as the arbiter of ownership of motorway service areas, television rental shops and bingo halls? And could not the IBA's obligations be carried out by allowing Granada to hive off its television interests?

"It was a question we asked ourselves. We went into it very carefully," Lord Thomson says. Partly, the IBA's position rests upon a legal nicety: the Granada Television contract is between the IBA and the entire Granada group. More important, says Lord Thomson, "The Granada argument was that the resources of the group were a crucial element in terms of providing that programme quality and for major programme risks like Brideshead Revisited and Jewel in the Crown." So his advice to would-be commercial television operators is unambiguous: "Wait until the next franchise round."

So the real question is whether the IBA will construct by the time of the next franchise round the "better way" Lord Thomson spoke of after the 1980 franchises.



Lord Thomson: "regional pattern is supportable."

Lord Thomson insists he is still hungry for change. "I still would want to change the franchise system," he says. "The diversion of the most important elements of management to defending their territory is very considerable. It then takes a year or so afterwards to get rid of the bruises, and after it's all settled and the new programme-making pattern is established it is a highly subjective judgment that it is any better than the one which preceded it." But he refuses to speculate on what "the better way" should be.

Mr John Whitney, director general of the IBA, said this week that the IBA was considering pressing the Home Office for the introduction of rolling franchises to replace the present fixed term. Under such a scheme, which would require legislation, the ITV companies would be assessed, probably annually, and could lose their franchise at any time.

As part of the reform, the IBA may also remove many of the barriers to change of ownership of ITV franchises.

If the Government rejects suggestions for radical change and the 1988 round goes ahead under existing legislation, Lord Thomson has contingency plans to reduce the temperature and the strain which accompanied the last franchising round in which Southern TV was the main victim, losing to Television South.

"I am rather bullish about the viability of the independent television system certainly through into the next century. I think the present regional pattern is supportable despite all the new forms of competition, although they (the companies) will have to be on their toes particularly on costs".

On his own costs the chairman of the IBA is unrepentant. The Authority is doing everything it can to help ILR, he says. Staff has been reduced by 100—or 7 per cent—over the past four years and around 1,200 of the 1,500 total are engineers, most of them involved in meeting the IBA's statutory duty to provide broadcasting signals to a high quality throughout the UK.

The IBA also has another dilemma on the way. It is to be responsible for regulating and encouraging three new channels of satellite television (DBS), all without damaging the ITV franchises. The IBA, Lord Thomson argues, has sound experience at taking decisions in the public interest over conflicting broadcasting services. And equal experience, he implies, at taking the inevitable criticism that results.

Britain's cathedrals

The price of salvation

By Antony Thorncroft

"THERE was no question of continuing as we were. It was a matter of either charging for admission or closing." Thus the Vice Dean of Ely Cathedral, Dennis Green, talking about the financial crisis which faced his cathedral at the start of the year.

Britain's cathedrals are one of the great glories of the land yet their existence depends upon the commitment of the few and, increasingly, on their own tentative marketing skills. In France there are public subsidies, but the Church of England Commissioners can only contribute paltry sums. Each cathedral is self governing.

Ely is the most vulnerable of the ancient cathedrals. It is a magnificent medieval building set in a small town in a poor, under-populated and under-visited part of the country. Unlike many cathedrals it does not enjoy the closest relationship with its community—the cathedral chapter had apparently been unsympathetic to the local peasants in the agricultural crisis of 1812 and memories are long in the Fens.

It costs £300,000 a year to keep Ely Cathedral going, and by last year it had a deficit of £100,000. A generous bequest got the cathedral through last winter, but a management survey confirmed that without urgent action Ely would go into the red in September and face a permanent overdraft. Its solution was to introduce a £1.50 admission charge from March 1. This has not solved the problem, but it has held the cathedral's income at the level of a year ago while most other tourist attractions have been suffering.

Before the controversial imposition of the admission charge the Vice Dean estimates that it cost Ely 12p to supervise each of the 250,000 annual visitors: they were encouraged to give £1 but on average contributed only 30p. The new charges, he admits, have deterred some visitors, but on a scale difficult to measure given poor weather and a bad start to the tourist season.

The admission charges are designed to balance the day-to-day budget of the cathedral. To tackle the major problem confronting Ely — the essential repair and restoration of the fabric—£6m is required. In a typical example of the newly fashionable self-help Ely is planning to build on some adjacent land it owns, much to the fury of local residents. This should raise £2m; for the rest it will look to a national and international appeal.

Because it is off the tourist track, Ely's difficulties are greater than those of most cathedrals, but it conforms to a pattern. The cathedrals, through the marketing of their shops, by making more strenuous efforts for contributions from visitors, by the rallying round of Friends, are, in the main, balancing their books on an annual basis. But they are unable to finance restoration work without mammoth appeals.

Salisbury is Ely writ large. It costs £1m to run, but gets 500,000 visitors in the summer month alone. For the past few years they have been asked to make a "voluntary" contribution of 70p which it is almost impossible to duck. In practice most people give £1.

But, like Ely, Salisbury is in the process of launching a £6.5m appeal, Salisbury's to safeguard its famous spire. It first looked to its local diocese, which has responded nobly and should contribute £1m by the autumn. To come are national and international appeals. Now Salisbury is in competition with near neighbour Winchester, which has just announced that it needs another £3m to undertake all its essential repairs but is starting with a campaign for £350,000. At least, further west, Wells is pausing in the money hunt: it has just raised £2¾m to restore the figures on its west front. It is planning next to prop up its central tower.

Even such a structurally sound cathedral as St Paul's will have to spend an unexpected £250,000 on the inside of the dome in the next year. It is fortunate in having an annual grant of £100,000 from the Garfield Weston Trust directed at maintaining the fabric but the need for urgent repairs has jolted the finances.

St Paul's is the most expensive cathedral to run, with an annual budget of over £1.7m but like the others in the Big Four—Canterbury, York and Westminster Abbey (not, of course, a cathedral)—it gets by thanks to the visitors' contribution of around £2¼m a year. They are now directed more forcefully to larger, more strategically placed boxes to make a contribution (although on average they give just 10p), and St Paul's also gets revenue by charging for its special features, such as the crypt and the whispering gallery (for which a charge of 2s 6d (12.5p) was made as long ago as 1850).

Dean Alan Webster thinks that much of the improvement in St Paul's finances in recent years can be attributed to its unpaid helpers. Not only are their free services, valued at £65,000, saving on salaries, but their presence creates a more friendly atmosphere in the cathedral, and encourages visitors to spend in the shops and to make donations. From collections, donations, and admission charges, the shop and guiding fees, St Paul's needs to raise £1m a year towards its costs—another £400,000 comes from investments and £300,000 from supporting trusts.

Canterbury is another cathedral which is making use of "welcomers," who stand in new yellow gowns beside the collection boxes, not actually asking visitors to give £1 but offering a tangible service in terms of information and help. As a result money from this source has doubled, and now contributes 9 per cent to Canterbury's annual revenue of £1.2m. Apart from its visitors, approaching 2½m a year, Canterbury is fortunate in owning property in a good part of town—its rental income contributes almost 40 per cent of the total revenue.

All cathedrals are jealous of their independence. They would like aid from institutions like the National Heritage Memorial Fund or English Heritage for restoring their crumbling buildings (aid which they are unlikely to receive because of the vast sums involved) but they like to survive on a year-to-year basis through their own efforts. They submit their accounts to Church House annually and, remarkably, most seem to get by.

Apart from the Big Four, the most secure are cathedrals such as Wells, Carlisle, and perhaps most effectively of all, Norwich, which identify strongly with local communities and have thousands of Friends.

This year is proving tougher than most because of the teachers' industrial action, and the fall off in American tourists, which have affected takings at the all-important shops as well as in the collecting boxes.

One of the cathedrals' main worries is whether to keep their shops open on a Sunday: It is a useful source of revenue, but it hardly squares with the campaign to save the traditional British Sabbath.

Letters to the Editor

SROs and legal action

From Mr H. Wynne-Griffith

Sir,—Barry Riley's right (May 3). Mr Channon is wrong (May 9).

The self regulatory organisations should be vulnerable to legal action. The nature of investment advice makes trust and confidence the essential criteria of the relationship between the advisor and his client and so is fundamental to the advisor's livelihood.

If an SRO disturbs this trust and confidence on unjustifiable grounds then the advisor must have the right to sue and be recompensed.

If the SRO cannot get anyone to sit on its board because of the risk involved then that is a consequence of the legislation. If the Government insists on the introduction of the legislation then the Treasury or the DTI will have to indemnify individual members of SROs against any successful claim against them.

H. R. Wynne-Griffith,
3 Dulwich Wood Ave., SE19.

A nation of has-bees

From the Honorary Secretary, Richmond Beekeepers Assoc.

Sir,—Sara Evans gave a pleasing and accurate account of beekeeping (May 3), supplemented by an arresting illustration of handling a frame of bees—appropriately with no honey evident! The difficulties of the dismal summer, protracted winter and cold spring are fully explained too; with fitting optimism for the forthcoming season.

But the bleak fall in home produced honey—by half between 1976 to 1985, especially at a time of rising UK demand requires further explanation, lest it be assumed to be due to falling interest or sloth of beekeepers. There have been marked changes in the national pattern of nectar sources for Apis Mellifera in this short time. Field clover as a farm crop to generate nitrogen has disappeared altogether; and floral varieties in hedgerows and swamps have been savagely reduced in pursuit of increased agricultural production. In urban areas, there has been exploding expenditure on exotic flowers and shrubs for gardens and parks, some of which serve as nectar sources which, on occasion, could yield better than the monocultures now in the countryside. Unfortunately this urban potential has not been fully exploited, partly because of the different methods needed and the increased perils of pollution.

It could be said the oil seed rape, which has increased about four fold in this decade, has replaced clover as the main crop. Indeed, this crop of honey could reopen career opportunities for bee farmers, who make a living from beekeeping. The vast majority of this nation's beekeepers, however, are hobbyists, who perhaps do not return all their production details for the national "tonnes." The brilliant yellow rape flowers easily outbid the white clover in nectar and pollen for the excited bees, but they flower earlier. Again the fickle British climate intervenes, and the yellow flowers have at times been known to poke through the snow. If the early summer weather is kind the production of the bland white honey from rape is prolific, and beekeepers in Devon, Yorkshire and the north of England and Scotland can, normally—except last year—expect to add considerably with the rich brown honey of the late season.

While we strive to increase UK honey production on these lines, I should point out that "Apis Mellifera" has been "up and doing," six times longer than the earliest known "Homo Sapiens"; so these recent hazards are no more than a little local difficulty, soon to be overcome!

J. G. Mackley,
Hunton Mill, Heselton,
Bedale, N. Yorks.

Massacre in war

From the President, Anglo-Jewish Association.

Sir,—Your review of the book "The Third Reich and the Palestine Question," (May 3), claims that the massacre of the Jews of Europe by Hitler, "did not become an explicit aim of his policy until 1941, and was in a sense imposed by circumstances."

The idea that war exerts such strain on a country that it "imposes" on it the "massacre of millions of civilians," is quite unacceptable.

I am surprised to read such vindication in one of our newspapers, although it is not uncommon for obvious reasons in a small minority of some sections of the German or Austrian press. Readers should reject such special pleading since it could set a precedent to justify a repetition of these horrific crimes.

Almost as misleading is the thesis in the book review that Hitler was some kind of early Zionist. He was simply an obsessed anti-semite with a highly developed political cunning. This was consistent with the idea of deporting Europe's Jews to another continent, and earlier Nazi writings may have sympathised with the notion, but by the outbreak of war, Hitler had turned from such relatively respectable plans to the concept of genocide, (the extermination of a people). We should not forget that national socialist statements were often plausibly written, but were utterly mendacious.

In any case, the friendship between the Nazis and Arab nationalists would have been inconsistent with support for Jewish national aspirations in Palestine, although the idea may intrigue the occasional academic maverick.

Clemens N. Nathan,
5th Floor, Woburn House,
Upper Woburn Place WC1.

Tax and the family

From Mr D. Frewen

Sir,—Once again (May 3) the director of the Child Poverty Action Group has used your columns to urge the abolition of the married man's tax allowance in order that child allowances may be raised.

As the father of a grown-up family I have no quarrel with her claim for better provision for the children of low income families, but as a married pensioner paying tax I find it disturbing that he appears to believe that the elderly should be the principal financiers.

D. C. T. Frewen,
Windrush Lodge,
Middleton Park,
Middleton Stoney,
Nr Bicester, Oxon.

Property matters

From Mr P. Williams,

Sir,—How long do we have to wait before the Government does something to right the social and economic injustice suffered by lessees of flats, where they are holding a lease at a ground rent equal to less than one-third of the rateable value.

I have been in the property business for thirty years and have seen the problem from both sides of the fence. We have seen the Leasehold Enfranchisement Act brought in to allow justice to be done to tenants of leasehold houses and the politicians extended the provisions of the Act to allow them to buy in houses in Westminster which would not ordinarily have been covered, as the rateable values were too high.

I think that the Government should be made aware that its cynical disregard of this whole matter will cost them dearly at the next election.

I am aware that a working party was set up to study the matter of leasehold flats but I doubt very much indeed if we shall see any extension of the Leasehold Reform Act to include flats. Perhaps, all lessees should follow the example of the Grosvenor Estate and appeal to the EEC. I think that such an application might well receive a very sympathetic hearing.

I am not advocating confiscation of a landlord's interest but a reasonable basis which would allow the lessee to extend his lease on the same basic terms and conditions contained in the Leasehold Enfranchisement Act relating to houses.

P. J. Williams,
6 Stratton Street W1.

Pension fund surplus

From Mr J. Russell

Sir,—You report (May 7) the Government's intent to limit pension fund surpluses to perhaps 5 per cent of the actuarial requirement to meet their liabilities.

Some years ago, a Government committee recommended that all industrial pensions be index linked. The sad present position is that there are many poor employers who have not done so. Further, there are many whose pensions are un-necessarily reduced through the replacement of pensionable salary by unpensionable company cars.

Surely before any discussion be made on pension fund surpluses, the question of fund liabilities should be well aired. If this government bill is to proceed, surely it is an ideal instrument with which to force index linking: perhaps to force a general increase in industrial pensions in the light of present economic prosperity. Why should the benefit of this prosperity pass only to present workers, with pensioners excluded?

J. E. Russell.
Over Dinsdale Hall,
Neasham, Darlington.

Don's working year

From Dr R. Hudson

Sir,—I read with interest your report (May 2) "Universities 'losing ability to attract dons'." It states that "'the dons' official working year is only about eight months long." While this is true in relation to the teaching and examining of undergraduates, there are many other necessary activities that take place outside those eight months. Some of these relate to the admission of undergraduates and to the preparation of teaching materials, courses and timetables.

Undergraduate teaching forms only part of the contractual obligations of those employed in Universities, however. Postgraduate teaching and supervision is a time-consuming activity which extends over the whole calendar year. Furthermore, as well as teaching, University academics are required to engage in research, and increasingly encouraged to seek external funding for this. Such activities are again ones that tend to extend over the whole calendar year not least because of the lack of time for them (other than evenings and weekends) during undergraduate teaching terms.

I would suggest that a working year of about 11 months, rather than one of about eight months, is a more accurate and realistic description of life in Universities.

(Dr) R. Hudson.
Department of Geography,
University of Durham,
South Road,
Durham.

No rhyme or reason

From the Managing Director, Kelso Tractors

Sir,—Every second page in the Financial Times and other quality newspapers these days is devoted to a full-page advertisement (a goodness knows what cost, but certainly enough to justify better use of it) by either competing takeover aspirants petulantly throwing stones at each other like little boys in a playground—or a coloured cartoon by 3i trying to persuade us that it really does have some purpose in life—or, as last Saturday, a full-page advertisement that commenced by showing us a bird's nest and tried from there, rather earnestly, but fatuously in my eyes, to convince me that I should invest in some unit trust. All it convinced me was that a company that could so waste a perfectly good advertising page would certainly have no opportunity to waste my money. Have our advertising agencies gone mad?

Oh, to return to the days of the Guinness Toucan when even the rhymes were better than the rubbish to which we are now subjected.

G. D. Mackenzie.
Hunter's Hall,
Kelso, Roxburghshire.

May Day call

From Ms V Houseden

Sir,—Mr John Watts MP suggests that May Day, being an "alien celebration of Marxist socialism," should be replaced by a saint's day (Parliamentary Sketch, May 2). May this English Recusant inform him that May 1 is the Feast of St Joseph the Worker!

(Ms) V. R. Housden.
2, Duncan Gate,
London Road,
Bromley, Kent.

Charles Batchelor considers Nick Oppenheim's ambitious £91m bid

Shelling out for Aitken Hume

AS THE giants of the banking, broking and investment communities jostle for position ahead of Big Bang there is no less intense a battle going on for position among some of the smaller players in the financial services sector.

The latest player to declare his hand is Mr Nick Oppenheim, a 38-year-old financier, who, on Thursday, announced an ambitious £91m takeover bid for Aitken Hume, the controversial fund management and insurance group which has been rocked by a series of boardroom defections in the past six months.

Mr Oppenheim has spent the past 10 years building a base in the financial services sector by revamping two small companies. His bid for Aitken Hume is his most ambitious move.

He has chosen to make his offer through Tranwood Group, best known as the manufacturer of Bear Brand tights but which is in effect a shell company, rather than through Argyle Trust, the company specialising in second mortgages he has been nurturing for the past six years.

Tenth of size

Mr Oppenheim and a group of associates took control of Tranwood and injected £1.5m of new money in February. Tranwood has a market capitalisation of just £9.5m—a tenth the size of Aitken.

The choice of Tranwood reflects a growing interest in the use of shells—often companies of which the main or only asset is a stock market listing. Their advantages are that it is relatively cheap and easy to gain control, and existing shareholders are usually happy to see them put to new use.

The main disadvantage is that they offer little in the way of tangible value to the shareholders of the target company. This places a heavy burden on the shell's backers—in this case Mr Oppenheim and his team—to prove that they have the management skills to improve the target company's performance.

Mrs Jennifer d'Abo, head of the Ryman office equipment chain, was able to convince the City of her management skills when she bid for Selincourt, a clothing group, using a shell company, Stormgard, in 1985. But Mr Peter Earl, architect of the recent unsuccessful takeover bid for Extel, failed with his innovative, but unquoted, shell vehicle, Demerger Corporation.

Mr Oppenheim's 10 years in the City have given him something of a following. He claims that 14 major institutions are involved in Tramwood and has built a reputation for delivering the goods in his two previous company reorganisations. A shrewd opportunist, was the description offered by one broker this week.

After graduating from Columbia University, New York, with a masters degree in business administration he bought into Kellock Trust, a former plantation company.

The venture, which has been turned into a successful commercial finance (factoring) business, was funded with the help of a small inheritance from his father, Mr Meyer Oppenheim, the founder of Argyl Securities, now part of Sir James Goldsmith's Generale Occidentale group.

In 1981 Mr Nick Oppenheim was called into the troubled Sterling Credit Group, a sprawling financial services group, by its bankers. Five years of disposals and reorganisations are beginning to produce rising profits at the company, since renamed Argyle Trust.

Mr Nick Oppenheim, managing director of Tranwood Group and deputy chairman of Argyle Trust

Mr Oppenheimer believes Aitken Hume faces similar problems to those of Kellock and Sterling Credit—a shortage of capital, management upheavals and an unduly diverse range of businesses.

"I've been through all this before," he said. "This will be the third time. On the past two occasions everyone has come out of it well."

Mr Tony Constance, chief executive for the past three months at Aitken, doubts this.

"It's highly unusual to have a bid from a company one-tenth our size without a track record. Argyle is in second mortgages and Kellock is in factoring. We are a transatlantic company with more than half our business in the US," he said.

For all its disdain of the Tranwood approach Aitken has done little to impress its shareholders in the past six months. However, when Mr Oppenheim first started looking at Aitken, along with other potential bid targets, 12 months ago the company seemed to be finding a sense of direction.

Aitken had won a somewhat tarnished reputation in the late 1970s and early 1980s for its share dealing activities. The involvement of the Aitken cousins, Timothy and Jonathon, respectively chief executive and chairman, in the well publicised dramas of TV-am did not improve the image.

But in 1983 Aitken bought National Securities and Research Corporation, a US fund management company, followed in October 1985 by Sentinel, a British insurance group. Aitken seemed to have outgrown its youthful indiscretions.

Late last year things started to go wrong. Mr Timothy Aitken quit abruptly after a disagreement over the new management style, to be followed in a matter of months by Mr Robert Russell, chief financial executive of NSR, Mr Michael Scorey, finance director and Prince Michael of Kent, a non-executive director.

Many institutional investors had stuck with Aitken because of its good earnings record, but that too, came under threat. Pre-tax profits slumped to £743,000 in the six months ended September 1985 from £3.1m.

Mr Oppenheim plans to reduce the breadth of Aitken's activties. "You can't sustain five diverse businesses in competition with larger integrated financial service companies," he said. He was not prepared, however, to reveal which parts would go.

Shares only

His offer, at present, consists only of Tranwood shares—nine for every one of Aitken, but he does not rule out offering a cash alternative.

Tranwood owns about 1.5 per cent of Aitken and has the backing of The 1928 Investment Trust with a further 6.5 per cent.

Aitken says it has the support of its largest shareholder, Saudi Investment & Finance Corporation, which owns 15.2 per cent, and of other shareholders with about 10 per cent.

One view in the City is that the Tranwood offer will prove a diversion with a more substantial financial group—Henry Ansbacher, Guinness Peat and Prudential Assurance have been mentioned — stepping in with a more acceptable bid.

Henry Boot £7m in red and final cut

ADVERSE factors reported by Henry Boot & Sons at the halfway stage have continued, and for the full 1985 year the group has experienced a loss of £7.13m, and is cutting its dividend to 6p net with a final of 5p (11.5p).

In 1984 this construction, joinery, and property group nearly doubled its profit to £4.05m and held the dividend at 14.5p.

The bulk of the loss was attributable to the Kwai Chung container terminal contract in Hong Kong, but there were also losses on contracts in building and civil engineering activity in the south east of England, the need to provide for losses in the property development activity and difficult conditions in the joinery and railway engineering operations, all of which were in the red.

By contrast, house building, building and civil engineering in the north and in Scotland, and property investment all had an excellent year.

In the first half of 1985 the group reported a loss of £4.9m (profit £497,000), the major part of which was needed to make a large provision against the termination of the Kwai Chung contract.

The unprecedented lock out of the main contractor by the employer resulted in the termination of Boot's sub-contract. Although the company is taking all steps to pursue its legal claims under the contract, the full and immediate provision for all known debts has contributed to a very substantial proportion of a £6.2m loss in respect of overseas activities.

Group turnover for the full year came to £182.63m (£153.35m) and produced an operating loss of £6.32m (£4.73m profit). The loss per share is 156.5p (earnings 55.3p).

● comment

For a British construction company to bungle an overseas contract every once in a while looks like an accident. But bungling two in swift succession looks like sheer carelessness. Two years ago Henry Boot had to explain away the Riyadh Zoo debacle to its shareholders, this year it was the Kwai Chung container terminal. Nonetheless, the bad news was broken at the interim stage and given that the eventual losses were far lower than the company had warned, the share price fell by just 2p to 238p yesterday. Henry Boot has now cut its losses overseas by taking a tactical decision not to scout about for international business until its remaining contracts in Hong Kong and Singapore end in two and three years' time. Domestic activities—the property portfolio, house building and contracting—should ensure a return to profit this year. The City expects £3.5m and a p/e of 5. Any other company in a similar state would look like a prime takeover target, but the Boot family's majority shareholding would deter even the most persistent of predators.

Cater Allen rights to raise £18.5m at deep discount

BY LUCY KELLAWAY

Cater Allen, the discount house, yesterday announced plans to raise £18.5m through a deeply discounted rights issue. The company simultaneously released preliminary pre-tax profits of £4.5m (£3.7m) for the year to April 30 1986 and declared capital and reserves of £34.2m (£32.1m).

Terms of the issue are one-for-one at 200p, compared to a closing price on Thursday of 590p. The size of the discount has made it unnecessary to underwrite the issue, resulting in an estimated cost saving of £400,000.

Purpose of the issue is to bolster the company's balance sheet in response to changes in the City, which has seen greater amounts of capital applied to market making activities.

Cater Allen is to become a recognised market maker in gilt-edged stock in October under the Bank of England's new rules. Trading will be conducted through a separate subsidiary which will need an initial capital injection of £15m.

The increased capital will also be applied to Cater Allen's traditional business in the money markets, which have expanded dramatically in the past five years. The company says the issue will help to maintain its position as a leading market maker.

Furthermore the company plans to use the money to develop its business in relatively new markets like commercial paper, floating rate notes, mortgage backed securities and Euro-sterling bonds.

Finally, the capital will help expand Cater Allen's insurance management interest at Lloyds, as part of a policy of reducing group exposure to movements in interest rates.

On its results, the company says conditions in the second half of the year deteriorated after a good opening six months due to higher interest rates. However, it has subsequently profited from the fall in rates, and says that the outcome for the year is very good.

Consequently, the directors are recommending a 5.4 per cent increase in the final dividend to 22p (20.875p), to make a total for the year of 30p (28.875p).

At one time yesterday the shares fell 45p to 545p but rallied to close at 565p.

Feedex calls for £1.3m as profits rise strongly

Feedex Agricultural Industries yesterday announced a strong recovery in pre-tax profits to £904,000 (£205,000) for 1985, and called on shareholders for £1.3m to reduce its debt and to finance investment.

The directors are proposing a final dividend of 1p to make a three-fold increase in the total dividend to 1.5p, against last year's single final payment of 0.5p. Earnings per share were up at 4.43p (0.83p).

The main cause of the better trading performance achieved on sales of £38m (£36.2m) was elimination of losses in the engineering division. A small profit of £68,411 compared to losses last year of £854,000 in 1984.

The company says that agricultural markets have become more difficult, but there are still good opportunities of which the company has taken advantage.

Profits have risen in each of the four divisions, with the exception of pig production where profits were slightly down at £238,000 (£308,000). The fall was due to the unusually high pig margins in 1984.

In the feed division the company achieved record tonnage and margins were maintained to produce profits of £656,000 (£650,000). In the smaller agricultural services division profits rose from £188,000 to £218,000.

The terms of the rights issue are one-for-three at 30p, compared to a pre-announcement price of 37p. Usborne and Son, which holds 28 per cent of the shares will be taking up its full entitlement, and the balance of the issue has been underwritten by Kleinwort Grieveson.

● comment

By contrast to the recent swell of rights issues this call from Feedex can hardly be described as opportunistic, with today's share price no higher than it was ten years ago. Feedex will be putting the money to good use, trimming gearing, gearing down from more than 100 per cent and buying new feed mixers and bolstering its agricultural services division. The market looked on the issue tolerantly yesterday, and Feedex deserved no less. It has made great strides in the past 12 months to reverse six years of decline. To make even a small profit out of agricultural engineering is an achievement given the dire state of the market, and the company, managing to export its product and step up sales to industry. The generous increase in the dividend puts the shares on a yield of 6 per cent and on an historic p/e of 8 at yesterday's price, unchanged at 37p. So long as the pig cycle does not choose this moment to go into a downswing, the shares may be in for a rally at last.

Staffs. Potteries confident

THE BOARD of Staffordshire Potteries was yesterday hoping to have staved off the £14m bid from home furnishings group Coloroll.

Coloroll announced it owned or had acceptances from holders of 32.87 per cent of Staffordshire's ordinary shares, and extended its offer until the final close at 3 pm on Monday.

Although Coloroll has to win more than 50 per cent of the ordinary shares to gain control it stressed yesterday that along with its merchant bank, S. G. Warburg, it now owns 64.3 per cent ofthe Staffordshire convertible preference shares.

Mr John Leek, of Staffordshire's merchant bank Hill Samuel, said: "All the indications are that shareholders are remaining loyal." However even if Coloroll fails to win control it is likely to retain its preference shares and seems determined to press ahead with the bid when the preference shares convert — subject to Takeover Panel approval.

About 50 per cent of Staffordshire Potteries shares are in private hands and 20 per cent are owned by the Staffordshire board.

Cookson £14m purchase

Cookson Group, the expanding metals and industrial chemicals company, is buying Leyland Metal, one of the UK's largest recyclers of aluminium, for £14m.

Leyland is the holding company for Trent Alloys (Repton), Midland Steel Scrap and H. Bernard. Its estimated pre-tax profits for the year to April 30 were £2m and its estimated net assets at that date were £7.5m.

Cookson said the Leyland businesses would be integrated into its Cookson Fry division, which is already active in the secondary aluminium business through its H. Landseer-Bailey company. Other companies in this division are users of aluminium for the production of aluminium pressure diecastings.

Cookson is funding the acquisition by a vendor placing of 2.9m shares, representing 2 per cent of its enlarged share capital.

Last autumn it made an agreed £45m takeover of Frank Horsell, the printing industry supplies company.

C H Industrials buys Parnall

By David Goodhart

C H Industrials, the chemicals and specialist engineering group, has made its second takeover in just over a month with the purchase of Parnall & Sons from the GEC subsidiary, Averys.

Parnall is a Bristol-based manufacturer of office furniture and a shopfitting supplier which, for the year ended March 31 1985, made pre-tax profit of £806,000 on turnover of £8.16m. Estimates for this year are £840,000 and £8.75m.

CHI is paying £4.5m for the company through the placing of 6.6m new ordinary shares (at 69p).

CHI estimates that pre-tax profits in the year to March 29 1986 will be not less than £2m and forecasts a final dividend of not less than 1.9p.

Hoggett Bowers

Shares in Hoggett Bowers, the USM-listed company specialising in management headhunting, were suspended yesterday at the company's request when it said it was in talks which could lead to a bid for it.

At the suspension price of 108p, it has a market capitalisation of £5.8m. Last month it announced a 51 per cent increase in interim pre-tax profits to £462,000. The identity of the other party was not disclosed, but it is believed to have held talks in the past with Blue Arrow.

Arlington Securities

Arlington Securities, the property development group specialising in business parks, is coming to the market with a value of £55.1m. Details of an offer for sale by Hill Samuel of 8.7m shares at 115p each will be published on Monday. The shares are to be sold on a prospective p/e of 15.8 based on a profit forecast for 1986 of £5.1m.

CPS suspended

THE SHARES of CPS Computer Group, the USM-listed computer distributor, were suspended yesterday at the company's request, pending an announcement.

In February CPS reported a loss of £243,000 in the year ended September 1985, compared with the previous year's profit of £2.27m. Turnover rose from £37.3m to £41.7m.

At the 9p suspension price CPS is valued at £2.22m.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Fri May 9 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs May 8 Index No.	Wed May 7 Index No.	Tues May 6 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (214)	718.96	−1.0	8.25	3.37	15.38	5.65	725.92	732.05	745.46	552.42	753.28	30/4	567.54	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (26)	791.15	−1.3	8.56	3.52	14.69	3.40	801.97	809.31	820.75	509.04	844.79	4/4	613.05	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (29)	1189.04	−1.4	8.38	3.93	16.01	10.74	1205.76	1211.45	1225.29	734.12	1228.76	2/5	911.08	23/1	1228.76	2/5/86	71.48	2/12/74
4	Electricals (12)	1943.83	−0.8	7.66	3.91	17.33	29.92	1960.34	1981.66	2021.72	1511.28	2092.98	21/4	1530.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1661.00	−0.7	8.76	2.74	15.19	8.68	1672.24	1681.78	1745.20	1452.56	1794.13	30/4	1387.58	24/1	2049.05	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (63)	404.18	−1.3	9.30	3.90	13.59	4.21	409.41	413.61	415.61	313.21	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	355.35	−0.1	6.64	4.78	19.30	2.92	355.77	360.35	363.95	195.24	363.95	6/5	241.87	2/1	363.95	6/5/86	49.65	6/1/75
9	Motors (17)	290.08	−1.5	8.84	3.31	13.19	3.04	294.57	297.52	306.00	163.72	306.00	6/5	206.58	14/1	306.00	6/5/86	19.91	6/1/75
10	Other Industrial Materials (22)	1306.23	−0.4	6.26	3.83	19.19	11.99	1310.97	1323.59	1334.97	974.48	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (183)	893.10	−0.4	7.71	3.17	16.26	5.69	896.56	907.60	922.10	652.37	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	923.30	+0.6	8.93	3.39	13.65	4.20	915.72	919.69	932.16	589.99	968.98	3/4	764.25	14/1	968.98	3/4/86	69.47	13/12/74
25	Food Manufacturing (22)	656.65	−0.4	9.22	3.91	14.18	6.37	659.26	668.87	684.96	506.97	702.63	4/4	549.51	14/1	702.63	4/4/86	59.67	11/12/74
26	Food Retailing (15)	1853.50	−0.6	6.23	2.52	21.83	6.84	1865.05	1890.83	1925.77	1586.23	1976.34	14/4	1629.03	21/1	1976.34	14/4/86	54.25	11/12/74
27	Health and Household Products (10)	1461.43	+0.2	5.76	2.30	20.46	5.11	1458.79	1472.20	1498.46	1025.49	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80
29	Leisure (25)	856.07	−1.8	8.22	4.11	15.88	13.07	871.42	880.00	896.69	697.77	968.51	2/4	731.17	24/1	968.51	2/4/86	54.83	9/1/75
32	Publishing & Printing (14)	2404.40	−0.2	6.96	3.93	18.32	15.49	2410.18	2438.72	2452.82	1773.37	2456.08	30/4	1834.16	9/1	2456.08	30/4/86	55.08	6/1/75
33	Packaging and Paper (14)	469.51	−0.4	7.35	3.40	17.06	4.29	471.49	476.31	476.17	320.29	476.31	7/5	362.52	9/1	476.31	7/5/86	43.46	6/1/75
34	Stores (42)	862.46	−1.1	6.39	2.67	21.22	1.62	872.12	888.72	906.79	622.65	984.64	3/4	787.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	519.92	−1.8	9.14	3.47	12.58	0.60	529.49	531.85	531.52	320.39	574.41	3/4	375.50	14/1	574.41	3/4/86	62.66	11/12/74
36	Tobaccos (2)	1078.76	+0.5	13.29	4.52	8.47	20.60	1073.89	1091.97	1092.80	841.29	1229.63	11/4	873.47	9/1	1229.63	11/4/86	94.34	13/6/62
41	OTHER GROUPS (86)	785.59	−0.2	8.47	3.75	15.07	5.31	787.00	788.41	795.23	706.93	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (19)	887.57	−0.3	10.40	4.53	11.63	15.56	890.52	894.96	903.09	759.05	955.30	14/3	729.24	14/1	955.30	14/3/86	71.20	1/12/74
44	Office Equipment (4)	281.13	+2.8	6.88	3.62	17.29	3.81	273.50	263.36	265.67	177.32	281.13	9/5	205.37	23/1	281.13	9/5/86	45.34	2/1/75
45	Shipping and Transport (12)	1549.26	−2.2	7.86	3.92	15.54	17.76	1583.85	1606.02	1630.46	1146.99	1677.64	3/4	1316.36	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	888.16	—	9.28	3.64	14.78	0.93	887.63	883.20	890.82	865.07	1050.03	4/4	845.68	21/1	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (49)	1007.74	−0.2	6.35	3.30	19.35	4.01	1009.81	1018.63	1025.38	898.34	1053.25	3/4	866.26	9/1	1053.25	3/4/86	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	831.48	−0.5	8.03	3.36	15.73	5.69	835.58	842.89	855.41	648.86	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1172.94	+2.6	17.50	7.70	6.82	40.53	1143.40	1142.30	1153.77	1168.10	1200.13	14/4	1093.63	20/2	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	862.08	−0.2	9.02	3.82	13.84	8.40	863.42	870.31	882.82	692.46	917.63	3/4	727.53	14/1	917.63	3/4/86	68.49	13/12/74
61	FINANCIAL GROUP (116)	611.14	−0.2	—	4.22	—	7.93	612.09	618.96	629.25	470.64	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (7)	681.84	−0.3	17.19	4.89	8.07	13.44	684.20	691.68	706.86	473.09	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	810.38	−0.2	—	4.51	—	16.49	812.35	819.45	839.28	713.03	906.18	11/3	765.18	23/1	906.18	11/3/86	44.88	2/1/75
66	Insurance (Composite) (7)	511.90	+0.6	—	4.05	—	4.30	509.10	513.42	520.89	352.59	525.13	14/4	403.56	2/1	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (8)	1205.89	−0.9	8.69	3.93	14.94	17.26	1215.99	1243.20	1267.42	1088.20	1315.27	12/2	1159.81	14/1	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	352.78	+0.3	—	3.29	—	1.60	351.61	358.77	362.42	224.99	374.09	18/4	277.36	24/1	374.09	18/4/86	31.21	7/1/75
69	Property (50)	744.93	−0.5	5.47	3.38	24.52	3.59	748.65	756.13	762.44	644.87	769.17	22/4	635.84	23/1	769.17	22/4/86	56.01	20/4/65
70	Other Financial (24)	350.19	+0.1	7.67	4.22	15.56	2.81	349.92	353.95	358.45	283.47	362.00	4/4	287.55	24/1	362.00	4/4/86	33.29	17/12/74
71	Investment Trusts (103)	744.11	−0.3	—	2.94	—	4.63	746.66	754.31	758.54	595.82	764.85	22/4	630.36	14/1	764.85	22/4/86	71.12	13/12/74
81	Mining Finance (3)	289.50	+2.7	12.37	5.51	9.43	1.60	281.95	284.90	289.02	299.14	331.16	21/3	240.83	2/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	682.88	+0.6	12.21	6.05	9.76	8.33	678.52	678.70	674.70	673.82	782.43	7/4	597.55	2/1	782.43	7/4/86	97.37	6/1/75
99	ALL-SHARE INDEX (736)	788.30	−0.1	—	3.88	—	7.94	789.43	796.05	807.33	632.33	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	May 8	May 7	May 6	May 2	May 1	Year ago								
	FT-SE 100 SHARE INDEX ‡	1601.6	−1.0	1605.9	1593.0	1602.6	1610.1	1636.2	1652.5	1640.1	1315.8	1717.6	3/4	1370.1	14/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 9	Day's change %	Thurs May 8	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	123.55	−0.10	123.75	0.88	4.58
2	5-15 years	146.24	−0.28	146.65	—	4.58
3	Over 15 years	153.53	−0.41	154.16	—	5.67
4	Irredeemables	172.16	−0.18	172.46	—	6.07
5	All stocks	141.02	−0.24	141.38	0.83	4.81
	Index-Linked					
6	5 years	112.99	+0.01	112.97	—	0.81
7	Over 5 years	118.64	+0.18	118.43	—	1.21
8	All stocks	117.61	+0.15	117.44	—	1.14
9	Debentures & Loans	123.21	−0.18	123.43	—	4.04
10	Preference	90.74	+0.06	90.69	—	2.30

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 9	Thurs May 8	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government								
1	Low	5 years	7.78	7.73	10.78	10.26	20/1	7.37	18/4
2	Coupons	15 years	8.68	8.62	10.86	10.65	20/1	8.32	18/4
3		25 years	8.69	8.64	10.45	10.65	20/1	8.33	18/4
4	Medium	5 years	8.94	8.86	11.69	11.89	14/1	8.58	18/4
5	Coupons	15 years	9.01	8.96	11.16	11.15	20/1	8.58	18/4
6		25 years	9.01	8.96	10.67	10.74	20/1	8.58	18/4
7	High	5 years	9.05	8.98	11.79	12.07	20/1	8.73	18/4
8	Coupons	15 years	9.11	9.06	11.32	11.32	20/1	8.73	18/4
9		25 years	9.05	8.99	10.82	10.81	20/1	8.73	18/4
10	Irredeemables †		8.64	8.62	10.26	10.35	27/1	8.38	18/4
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	3.35	3.33	0.0	5.18	14/1	3.24	29/4
12	Inflat'n rate 5%	Over 5 yrs	3.31	3.31	0.0	4.01	20/1	3.31	9/5
13	Inflat'n rate 10%	5 yrs	2.27	2.23	0.0	4.23	14/1	2.11	29/4
14	Inflat'n rate 10%	Over 5 yrs	3.16	3.16	0.0	3.85	14/1	3.16	9/5
15	Debs &	5 years	10.01	9.99	12.09	12.78	27/1	9.88	22/4
16	Loans	15 years	9.94	9.92	11.92	11.93	4/2	9.79	22/4
17		25 years	9.87	9.84	11.74	11.83	21/1	9.69	17/4
18	Preference †		10.61	10.61	12.54	12.18	24/2	10.61	9/5

‡ Opening index 1604.0; 10 am 1605.0; 11 am 1600.0; Noon 1594.8; 1 pm 1593.6; 2 pm 1593.0; 3 pm 1594.0; 3.30 pm 1593.9; 4 pm 1595.0.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Our Prices (34) has been deleted and replaced by Scottish Heritable Trust (48).

Westbury allocations

IN RESPECT of the offer for sale of 10.94m ordinary shares in Westbury, applications were received for a total of 141.81m, some 13 times the number offered.

Applications for 200 to 1,500 shares participate in a weighted ballot for an allocation of 200 shares, applications for 2,000 to 3,500 receive 200, for 4,000 to 8,000 get 400, for 7,000 to 8,000 receive 600.

In respect of 9,000 to 11,000 shares, the allocation is 800 shares, 12,000 to 14,000 receive 1,000, for 15,000 to 16,000 the allocation is 1,200, and for 17,000 to 19,000 get 1,400.

Those applying for 20,000 shares and above are entitled to some 7.7 per cent, subject to a maximum of 250,000 shares.

Dealings are expected to start on May 14.

Pearson awarded A1 credit rating

Pearson, the industrial, banking and publishing group which owns the Financial Times, said yesterday that it had been awarded commercial paper ratings by Standard & Poor's and Moody's following recent reviews in London and New York. The rates given were A1 and P1 respectively.

Pearson said the ratings would enhance its ability to raise funds on favourable terms in the US and it expects to begin issuing commercial paper there in the next few weeks.

New Australia Inv. rejects £5m bid

New Australia Investment Trust, yesterday rejected a £5m takeover bid from Mosskirk, a British subsidiary of Keywest Investments, an Australian-listed financial services company.

Mosskirk is offering 100p cash for each New Australia share or 98.8 per cent of its net asset value of 103.2p at March 31, less 2p for the cost of terminating the existing management contract.

New Australia's shares rose 3p to 100p yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Henry Boot	5	—	11.5	6	14.5
Cater Allen	23	—	20.88	30	28.88
Feedex	1	July 4	0.5	1.5	0.5
German Smaller Cos	1.1	July 4	—	1.1	—
Joseph Holt	12.5	June 20	11	16	14
King & Shaxson	6.25	June 16	5.75	8.75	8.25
Kingsley & Forester	2.04	July 21	0.51¶	3.04	0.51¶
P. & W. Maclellan	1.2	—	1.1	1.9	1.7
Windsor Secs. ......int.	0.2	June 27	0.55	—	0.65

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For nine months.

Lucy Kellaway previews Stanley Leisure's listing

Merseysider prepares for London debut

TODAY'S FA Cup Final, the first-ever between two Merseyside teams, will be good business for Stanley Leisure, the Liverpool-basedbookmaker, which is getting ready for a stock market quotation late this summer.

Stanley has a 117-strong chain of betting shops which makes it the fifth largest bookmaker in the UK. It will be the first to go public since the flotation of Ladbrokes in 1965.

The company, which also owns four casinos and runs a small football pools business overseas, is likely to have a market value of more than £10m.

Mr Leonard Steinberg, the company's Belfast-born chairman, boasts that there are few people in the business today with his length of experience. Now 49, he got his first taste of bookmaking at the age of 17 when he placed bets for schoolfriends on Lester Piggott and Never Say Die in the 1954 Derby when the odds were 33-1.

A few years later, he opened his own betting shop in Belfast and in 1973, bought his first shops outside Northern Ireland. The chain has now expanded throughout Merseyside, the Isle of Man, Yorkshire and the Midlands, and Mr Steinberg plans, within the next three years, to make it a national chain with over 500 branches.

"I'm raring to go," he says. "The great thing at the moment is that the market is increasing in terms of turnover, while the number of shops is contracting."

In the late 1970s, there were over 14,000 licensed betting shops in the UK, compared to about 10,000 now. Pressure on the shops to increase the number of different books it makes, and to spend heavily on refurbishing the shops has been such that many smaller companies have been forced out of business. Last week Stanley was taking bets on every frame of the world snooker final. Moreover, it has had the necessary capital to modernise its shops.

Since March this year when the amendments to betting legislation were introduced, Stanley has had televisions installed in all its shops and has been selling soft drinks. Mr Steinberg says that while the soft drinks are not profitable, the live television coverage of races has already had a tangible effect on turnover.

The company plans to equip all its shops with a bank of 12 screens, each showing different races, or betting information. This will cost about £8,000 per shop, and the proceeds of the flotation—which is expected to raise about £1m—will be used to finance the scheme.

Both Stanley's casinos and betting shops are aimed at the small punter. The typical client in the betting shops places a £3 bet every day, while in the casinos, the maximum bet is £25. The four casinos—two of which were bought from Ladbroke—are based in Stockport, Manchester, Liverpool and Newcastle.

During the last five years Stanley's profits have grown at an average annual compound rate of 25 per cent to reach £1.6m pre-tax in the year to April 1986.

Hambros, the company's adviser, is planning to bring the company to market through a placing of shares, which are likely to be sold on a p/e multiple of about 12 or 13.

INTERNATIONAL COMPANIES and FINANCE

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price	+ or −	Net Divi.	Times covered	Gross Yield	P.E. Ratio
130	F.P.	—	136	125	✤Antler 5p	125	....	U5.0	2.4	6.4	17.7
125	F.P.	—	135	130	Comb. Lease Fin. 50p	155	....	£1.35	5.9	1.4	19.4
‡155	F.P.	6/6	205	172	✤Davies (D.Y.) 5p	205	....	U3.4	2.7	2.5	22.1
‡130	F.P.	—	161	140	✤Debfer 10p	141	−1	U4.0	2.7	4.0	15.5
—	—	—	35	27	German Secs. Warrts.	33	....	—	—	—	—
‡120	F.P.	—	186	122	✤Green(E.)&P'tn'rs 5p	122	−2	R5.4	2.7	3.2	13.1
120	F.P.	—	130	117	Ipeco Holdings 10p	117	−1	U2.7	3.3	3.3	13.3
104	F.P.	—	118	104	Jurys Hotel	104	−2	U5.75	2.1	5.1	11.6
180	F.P.	23/5	187	157	Lee Intl. 10p	152	....	R5.8	2.9	5.4	14.6
§70	F.P.	14/5	93	80	✤Lodge Care	92	....	U2.0	2.4	3.1	18.2
‡105	F.P.	—	124	112	✤Musterlin 20p	124	+2	U5.0	2.8	3.4	11.9
¶¶	F.P.	—	102	78	NMG Invs. Wrrts.	80	+2	—	—	—	—
75	F.P.	13/8	85	81	RiverMerc 0 Cdl T Inc	84	....	—	—	—	—
10	F.P.	11/7	11½	11	Do. Cap.	11	−½	—	—	—	—
¶¶	F.P.	—	900	700	Rodime 5p	720	....	—	—	—	5.5
‡72	F.P.	—	687	662	Schroders £1 N/V	662	....	h10.75	—	2.3	—
‡140	F.P.	—	74	72	✤Splash Prods. 10p	72	....	U3.27	1.6	6.4	14.0
‡160	F.P.	—	141	135	Tech.ProjectServs 10p	135	−5	U2.49	2.5	2.6	23.1
‡100	F.P.	—	185	177	Tip Top 10p	180	....	R2.0	3.7	1.6	24.2
	F.P.	—	102	99	✤Usher (Frank) 5p	100	−1	U4.5	1.9	5.3	11.9

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price £	+ or −
99.995	£25	11/7	27¼	24¾	ASDA Prop. 10¾% 1st Mt. Deb. 2011	28	....
95.627	F.P.	16/4	107½	104½	Brit. Land 10½% 1st. Mort. Deb. '19/24	107¼	+½
‡100	£10	3/7	11⅛	10¼	Colne Valley Water 10% Red Deb 96/98	10¾	....
‡100	£10	3/7	10½	10	Do. 6¾% Red. Pref. '92-94	10	....
98.146	F.P.	24/10	82¼	28¼	Estates Prop. Inv. 10% 1st.Mt.Deb.2011	99	+¼
"	F.P.	2/3	107p	102p	Glass Glover 6% Cum.Cnv.Red Pref 2000	104p	....
97.965	£25	24/10	25⅜	24½	Gt.PortlandEsts.P.5% 1st. Mort.Deb.'16	23	−¼
¶¶	F.P.	—	120	109½	Hanson Trust. 10% Cv. Un. Ln. '07-12	115½	....
¶¶	F.P.	—	400p	355p	Hewley Grp. Cnv. Cum. Red. Prf.	370p	−5
94.217	F.P.	25/4	106¾	84⅞	Inter-Am Dev 6k 2½% Uns Ln 2013	105	−⅛
"	F.P.	28/5	111p	103p	Intl. Leisure 7¾% Cnv. Cum. Red. Prf.	105	+1
105.525	£25	—	26	25	Land Securities 10pc Deb. '25	25⅛	....
100p	F.P.	14/5	118p	103p	✤LodgeCare 7½%Cum.Cv.Red.Pf.'91-96	110p	....
99.951	£40	14/7	42	39¼	Lon. Prov. Shop 10% 1st. Mtg. Deb. 2026	40½	+¼
—	F.P.	—	100¾	100	Nationwide Bldg. Soc. 10½% 5/4/87	100⅛	−⅛
—	F.P.	—	99⅞	99⅞	Do. 9½% 27/4/87	99⅞	−⅛
‡99.625	£40	30/6	41¼	38½	Peel Hldgs. 9⅞% 1st. Mort. Deb. 2011	39¼	−½
‡99.883	£40	1/8	44	41⅛	Queens Moat 10¼% 1st. Mort.Deb.2020	45¼	−¼
¶¶	F.P.	16/6	121	118¼	Security Trust Scotland 12% Deb. 2015	120½	....
¶¶	F.P.	23/3	108p	102p	Spong 7% Cnv. Cum. Red. Prf.	104p	....
99.489	£23	18/7	31⅛	24¾	S.E. 10⅛% Mort. Deb. 2016	28¼	+½
"	F.P.	25/3	129p	108p	Ward White Cnv. Prf.	117p	....

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price	+ or −
60	P.P.	30/5	77	60	Aquascutum A 5p	71	−2
250	F.P.	30/6	320	286	Assoc. Newspapers	286	+1
30	F.P.	30/6	42	38	Bensons Crisps 10p	40	....
205	Nil	—	62pm	47pm	Connells Est. Agents	47pm	−1
255	F.P.	—	268	245	EIS	245	....
221	Nil	—	15pm	8pm	F. & C. Eurotrust	8pm	−2
370	F.P.	13/6	458	402	Grattan	404	−10
207	F.P.	23/5	862	228	Greycoat (10p)	268	....
125	Nil	—	18pm	2pm	Hestair	18pm	+8
730	F.P.	23/6	807	730	Lon. & Manchester Grp	731	+1
400	Nil	30/6	67pm	67pm	Low & Bonar 50p	37pm	−8
63	F.P.	23/6	72	52	Pentos	72	−2
113	Nil	—	48pm	38pm	Ratners 10p	48pm	−1
703	Nil	30/6	65pm	38pm	Saatchi & Saatchi 10p	32pm	−3
¶¶	Nil	—	6½pm	3½pm	St. Modwen Props. 10p	5pm	−½
225	Nil	13/5	17pm	7pm	Sale Tilney	7pm	....
265	F.P.	16/5	340	300	Share Drug 10p	340	....
175	F.P.	30/6	226	192	Turner & Newall £1	218	−2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividends: cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ‡ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ■ Allotment price. ✤ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

TNT lifts profits 45% at nine-month stage

BY LACHLAN DRUMMOND IN SYDNEY

THOMAS NATIONWIDE TRANSPORT, the Sydney-based international transport group, increased net profits by 45 per cent to A$68.24m (US$50m) from A$47.13m in the nine months to March 31.

After removing the first-half net profit of A$55.5m (compared with A$36.42m, the nine-month figures show a relatively flat third quarter — traditionally the slowest period for TNT — with the net contribution up from A$10.7m to A$12.7m.

Nine-month revenue rose 28 per cent from A$1.63bn to A$2.07bn, with the third quarter up by 5 per cent to A$650m.

Sir Peter Abeles, the TNT managing director, said Australian operations showed an improvement, with the half-owned Ansell group continuing to trade satisfactorily. Results from North American trucking operations improved, while road freight activities in the UK — where TNT has taken on News International's Wapping-based newspaper distribution — were doing well, Sir Peter said.

The company sold 50 per cent of its Trans Freight Lines transAtlantic shipping business on March 7 to Overseas Containers (OCL).

Sir Peter said that while trading was difficult in the quarter for TFL, the new arrangement would substantially enhance business opportunities in this market.

A third interim dividend of 3.5 cents a share (3 cents previously for a cumulative total of 10.5 cents a share (9 cents) is to be paid from earnings per share — after deduction of preference payments — of 23 cents compared with 16.1 cents.

Computer stake for German engineer

By David Brown in Frankfurt

MANNESMANN, the West German engineering group, has acquired a 65 per cent stake in the Munich-based PCS Periphere Computer Systeme, in a step to complement its previous diversification efforts in the electronics sector.

PCS, which had annual sales revenue last year of DM 45m ($21m) specialises in project-oriented data processing software and systems. Its primary product is the 32-bit Cadmus computer system, introduced in 1982.

Mannesmann, which declined to reveal the purchase price, said the move was in line with its attempt to tap the specialised market of scientific and technical computer users.

Roughly 13 per cent of Mannesmann's turnover is now generated by its electronics operations.

In a bid to reduce its dependence on heavy engineering, it began a diversification effort in 1981 with the acquisition of Hartmann and Braun, a controls and measurements firm, and later in 1984 took control of Kienzle, an information systems and computer company.

● MAN-Roland Druckmaschinen, the printing machine subsidiary of MAN, the GHH unit, expects turnover to rise 10 per cent to DM 1.2bn for the year ending June 30. The company said trading during the year was marked by full employment of assets and rising production.

Continental-Gummi increases payout

BY JONATHAN CARR IN FRANKFURT

CONTINENTAL GUMMI-WERKE, the West German tyre and rubber products manufacturer, proposes raising its 1985 dividend to 10 per cent from 6 per cent, after sharply boosting profits.

Group net profit rose to DM 77.2m ($35m) from DM 41.2m on sales up by 42 per cent to DM 5bn. The group sales figure includes the results of Semperit Tyre of Austria, in which Conti-Gummi took a majority stake last year. Without Semperit, group sales were up by 12 per cent to DM 3.94m.

The results underline the marked progress made by Conti-Gummi in recent years in rationalising production and extending its international activities. The company resumed a dividend payout in 1984 for the 1983 year after omitting one for much of the previous decade.

Parent company net profit more than doubled to DM 37.2m from DM 18.3m in 1984 on sales up by 11.2 per cent to DM 2.31bn.

The results from Conti-Gummi are surprisingly good. As recently as last November the company was still talking about a maintained dividend for 1985.

In recent years the group has rationalised production and put much more emphasis on technological innovation. It has strengthened its position in Europe and gained footholds in the US and in Japan through local partnerships.

IBM Italia boosts sales by 18%

BY JAMES BUXTON IN ROME

IBM ITALIA, the Italian subsidiary of the US computer giant, last year produced an 18 per cent increase in sales to reach L4,296bn ($2.8bn), compared with sales of L3,651bn in 1984.

But net profits fell from the record figure of L619bn to L478bn. The decline in profits was attributed by Mr Ennio Presutti, the chairman, to the fact that the 1984 profits were inflated by exceptional technical and financial factors.

IBM Italia last year exported L1,355bn worth of goods and services, equivalent to 32 per cent of turnover. The company invested L556bn in 1985, a jump of 65 per cent, compared with 1984.

As is traditional with IBM, IBM Italia gave few details about its commercial operations and no information on its share of various sectors of the office automation market. It did, however, reveal that its sales of personal computers had doubled in 1985, but gave no further information.

● Euromobiliare, the merchant bank controlled by Mr Carlo De Benedetti, the Italian financier, has reported gross profit of L5.2bn for the first half of 1985-86. This compares with a gross profit of L4.2bn.

Euromobiliare has also announced plans for an equity increase of L6.5bn via the issuing of 6.5m saving shares and the equivalent of L30bn in Ecu bonds.

NZ Forest Products hit by stronger currency

BY OUR FINANCIAL STAFF

NEW ZEALAND Forest Products, one of the country's biggest industrial groups, has cut its dividend sharply to NZ 8.5 cents from 14.5 cents for the year ended March 31, following a 20 per cent drop in pre-tax profit to NZ$92.4m (US$53.8m) from NZ$116.4m the previous year.

Net profit, at NZ$93.5m including a tax credit of NZ$1.1m, was only slightly down on the previous year's NZ$95.8m. Sales for last year rose marginally to NZ$1.17bn from NZ$1.1bn.

The company blames slower domestic demand, in conjunction with more difficult export market conditions resulting from a stronger New Zealand dollar, for a disappointing result.

During the current year, NZFP hopes that these factors will be offset by improved revenues brought about by a firming in US dollar terms of international pulp and paper prices. Looking ahead to 1987, the management is forecasting an improvement in productivity, as well as declining interest rates and dampened inflation in New Zealand, as factors that should favourably influence next year's performance.

Dai Hayward adds from Wellington: The Brierley empire has continued its expansion with the purchase, by Industrial Equity, its Australian arm, of 10 per cent of Keith Russell Simplicity Funerals, a leading Australian funeral company.

Simplicity Funerals handles 2,400 funerals a year — more than 2 per cent of the Australian market, though it has up to 20 per cent in some Metropolitan areas. It has an annual turnover of almost NZ$3m a year.

Chemical shrugs off row over arbitrage unit

By Paul Taylor in New York

CHEMICAL BANK, the New York-based banking group, yesterday attempted to dismiss reports that a major internal row has broken out over the dealings of its recently formed stock-trading arbitrage unit.

Chemical, which has refused even to admit the unit's existence, said it could not comment on press reports that the group's board has demanded that Mr Walter V. Shipley, Chemical chairman, limit the arbitrage unit to trading shares only in companies involved in friendly, announced corporate takeovers.

"We never discuss the board's activities," the New York banking group said. However, according to the reports, which cited unnamed Wall Street sources, a group of Chemical Bank directors fiercely objected to the unit's share deals involving hostile takeovers — a controversial but often highly lucrative business for Wall Street's best arbitrageurs. They were also concerned that they were not consulted about the setting up of the unit.

Chemical hired Mr Timothy Tabor, a 32-year-old arbitrateur from Kidder, Peabody, to head the operation. Yesterday Chemical confirmed that Mr Tabor is employed by the bank but said it could not discuss his job.

Yen rise curbs Mazda

MR KENICHI YAMAMOTO, president of Mazda Motor, said the company's before-tax profit in the year ending October was likely to fall from the previous year for the first year-on-year decline in 11 years because of the recent sharp appreciation of the yen Kyodo reports from Osaka.

Yamamoto hinted that the envisaged drop in profit would be at least 5 or 6 per cent compared with the previous year.

Mazda, owned 24.3 per cent by Ford Motor of the US, registered a 27 per cent increase in before-tax profit to Y77bn ($470m) in the year ended October 1985.

The company would increase overseas procurement of Auto parts. Prices have been dropping in recent months because of the yen's appreciation. This would help the company to reduce production cost, Mr Yamamoto said.

Mazda also plans to refrain from increasing plant and equipment investment in the 1986 business year. But the company would try to ensure increased sales by putting out new models, he said.

IKB to raise DM 132m in rights issue

By Our Frankfurt Staff

INDUSTRIEKREDITBANK-Deutsche Industriebank (IKB), the West German bank specialising in long-term lending, mainly to medium-sized companies, aims to raise DM 132m ($60m) through a one-for-six rights issue.

The DM 50 nominal shares are being offered at DM 220 apiece and will be eligible for a dividend for the new business year which began on April 1. The action will raise IKB's basic capital by DM 30m to DM 210m and its liable funds to DM 721.5m.

IKB's owners include the big three German commercial banks. Insurance companies and entrepreneurs, as well as the general public. The bank had total assets at the end of December of DM 16.2bn.

First-half advance for S. African paint maker

BY JIM JONES IN JOHANNESBURG

PLASCON-EVANS (Plevans), South Africa's largest paint manufacturer, relied on consolidation of its hardware distribution interests for almost half of its 32.2 per cent increase in turnover in the latest half year.

Turnover was R165.8m ($79m) in the six months to March 31 1986 against R125.4m in the corresponding period of 1985. Operating profit before interest and tax was R12.3m against R9.7m. The interim pre-tax profit was R10.2m against R8.2m.

The last financial year's total turnover was R263.6m, the operating profit was R18.9m and the pre-tax profit was R15.7m.

The directors have little to say about the paint business. However, trading margins have been under considerable pressure as demand by the construction and motor industries has been weak. Nonetheless, almost four-fifths of the 26.5 per cent improvement in attributable earnings came from the paint interests and the remaining one-fifth from the hardware division.

First-half earnings rose to 19.6 cents a share from 15.5 cents and the interim dividend was raised to 7 cents from 5 cents.

Mine given go-ahead

WESTERN MINING and BP Australia have given the final go-ahead for the building of the Olympic Dam uranium and copper mine at Roxby Downs in South Australia, Reuter reports from Adelaide.

The project, the future of which has been in doubt because of low world uranium and copper prices, will go into production in June 1988.

Western Mining and BP, joined forces in the venture seven years ago. They will invest A$800m (US$589m).

The two companies also decided to build a copper refinery at the site which involved an extra investment of A$40m. In a project notice submitted to the South Australian Government, Western Mining and BP detailed plans for the mine, a milling plant, a smelter and the copper refinery. Plans envisage annual production of 55,000 tonnes of copper, 2,000 tonnes of uranium oxide and 90,000 ounces of gold.

Partners in the Olympic Dam project are Western Mining's Roxby Mining Corp with 51 per cent and the BP group

Cydsa resumes dividend early

BY DAVID GARDNER IN MEXICO CITY

CYDSA, Mexico's largest private artificial fibres and petrochemicals group, is next month to pay a dividend for the first time since the 1982 financial crisis.

It was not due to resume dividend payments until 1988, under covenants with the creditors of its $428m foreign debt. But the company's strengthened performance in the past 18 months and sharp increases in net cash flow have allowed the date to be brought forward.

The Monterrey-based group will pay out a total of 1,800bn pesos ($3.5m), or 45 pesos a share, nine times higher in nominal terms, but about 30 per cent less in dollar terms than its last dividend in 1982.

Many leading Mexican companies with dollar debt have foregone dividend payments since the 1982 crisis, but the underlying financial position of some of them improved markedly last year, particularly after first-half growth, which reached 7 per cent on an annualised basis.

Under the system of inflation accounting introduced here in 1984, Cydsa's net profits rose to 18.06bn pesos in 1985 against 5.5bn pesos the year before. Sales were 130bn pesos, up from 82.2bn pesos in 1984.

Net cash flow nearly doubled to 27bn pesos, against 14.4bn pesos in 1984, a figure which already represented a threefold increase on 1983.

Mr Lazaro de la Garza, Cydsa's finance director, attributed the strong cash flow to good profits, strict control of working capital requirements, and low investment.

Though Cydsa has traditionally operated a policy of reinvesting around 80 per cent of its earnings, heavy investment before the 1982 crisis led to substantial overcapacity: the company's new fixed investment last year was barely 5bn pesos.

Like many leading Mexican companies, Cydsa took on its dollar debt to finance expansion before the 1982 foreign exchange crisis, and massive subsequent devaluations.

To ease this burden, the Bank of Mexico in 1983 set up a foreign exchange risk scheme, known as Ficorca, in which Cydsa's debt is registered. This scheme extends peso credit lines to dollar debtors, who make monthly payments to the central bank which are evened out to eliminate fluctuations in the peso against the dollar.

The companies buy dollars to deposit with the central bank against the debt payments, but in effect get a premium on the peso credit lines. Ficorca payments are linked to CD rates, whereas other savings instruments, such as Treasury bills, banker's acceptances, commercial paper, or dollars, offer higher yields, and a boost to cash flow.

Cydsa also got a cash boost, when it renegotiated its foreign debt in March 1984. Like other large Monterrey groups, it converted its dollar obligations to floating rate notes. This exploited a loophole, which gave the company exemption from the 15 per cent withholding tax the Mexican Government levies on foreign debt interest payments.

Cydsa currently has a 51.2bn peso "surplus," against total Ficorca liabilities of 134.5bn pesos. It has an eight-year repayments contract with Ficorca, running to 1991.

The company is considering the possibility of pre-paying between 10 and 20 per cent of its foreign debt, as a result of this liquidity. According to Mr de la Garza, one way it might do this is by swapping debts, possibly with a multinational in need of pesos for its Mexican operations. But no decision on this is likely before the end of this year, or the beginning of next.

Asseng back in black

BY OUR JOHANNESBURG CORRESPONDENT

ASSOCIATED ENGINEERING (Asseng), the 78 per cent-owned South African subsidiary of Associated Engineering of the UK, emerged from losses in the half-year to March 31 1986 as a result of increased sales and restructuring of operations.

First-half turnover was R27m. In the last financial year turnover reached R48.3m. The interim pre-tax profit was R1.1m ($524,000) against an interim loss of R2.9m last time and a loss for the previous financial year of R4.2m.

The directors say that part of the rise in turnover was due to higher prices of imported goods, but that sales of automotive and industrial equipment and replacement parts rose in real terms. The immediate outlook is uncertain, say the directors, but they believe that second-half earnings should be similar to the 4.6 cents a share earned in the first half. Last year's operations resulted in attributable losses in both halves, dividends have not been declared since 1982.

LONDON TRADED OPTIONS

Option		CALLS July	CALLS Oct.	CALLS Jan.	PUTS July	PUTS Oct.	PUTS Jan.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS May	CALLS Aug.	CALLS Nov.	PUTS May	PUTS Aug.	PUTS Nov.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS June	CALLS Sept.	CALLS Dec.	PUTS June	PUTS Sept.	PUTS Dec.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

May 2 Total contracts 16,055 Calls 8,168 Puts 4,887 *Underlying security price.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$330	—	—	10	88	—	—	$346.10
GOLD C	$340	26	2	15	91	10	31	"
GOLD C	$360	2	1.20	67	17.50	—	—	"
GOLD C	$370	—	—	0	8.60 B	—	—	"
GOLD C	$400	—	—	20	8	—	—	"
GOLD P	$300	—	—	46	2.60	—	—	"
GOLD P	$320	—	—	—	—	40	6.30	"
GOLD P	$330	—	-	10	6	—	—	"
GOLD P	$350	—	1	25	14 A	—	—	"
GOLD P	$360	13	16	—	—	—	—	"
		June		Sept.		Dec.		
SILV P	$300	—	—	20	25	—	—	$528
$/FL C	Fl.245	26	3	5	9	—	—	Fl.243.25
$/FL C	Fl.230	44	3.20	21	6.90	—	—	"
$/FL C	Fl.255	10	2.50	14	4.70	8	7.50	"
$/FL C	Fl.260	13	1.40	22	4	—	—	"
$/FL C	Fl.280	--	—	—	—	25	2.50	"
$/FL C	Fl.300	129	0.10	—	—	—	—	"
$/FL P	Fl.235	121	8.20	—	—	—	—	"
$/FL P	Fl.240	73	3.20	26	6.30	—	—	"
$/FL P	Fl.243	86	6.50	10	2.30	30	11.70	"
$/FL P	Fl.250	129	8.30	10	12	6	16	"
$/FL P	Fl.255	6	11.50 B	13	16.50	—	—	"
$/FL P	Fl.260	37	15.50	50	18	—	—	"
$/FL P	Fl.273	—	..	60	31	—	—	"
$/FL P	Fl.233	9	1.50	—	—	—	—	"
$/FL P	Fl.240	120	2.60	10	5.50	—	—	"
$/FL P	Fl.245	105	4.90 B	1	8	—	—	"
$/FL P	Fl.253	203	10.30	200	13.50	—	—	"
$/FL P	Fl.265	60	18.60	..	—	—	—	"
$/FL P	Fl.293	10	46.50	..	—	—	—	"
$/FL P	Fl.300	10	52.50	—	—	—	—	"
		July		Oct.		Jan.		
ABN C	Fl.600	76	5.80	6	13.50 A	—	—	Fl.554
ABN P	Fl.540	181	7	7	14 B	—	—	"
AEGH C	Fl.113	67	1.50	7	3.30	--	—	Fl.103
AEGH P	Fl.100	32	4	68	5.50	—	—	"
AH C	Fl.80	26	3.10	17	6.50	—	—	Fl.77.70
AH P	Fl.70	3	1	106	8.50	—	—	"
AKZO C	Fl.160	441	5.60	36	12	6	15.50	Fl.156.80
AKZO P	Fl.160	644	6.80	456	8.50	3	10 B	"
AMEV C	Fl.80	80	2.10	27	5 A	4	7	Fl.78.50
AMEV P	Fl.80	36	6.50 B	6	8.50	10	9.50 B	"
AMRO C	Fl.115	146	0.60	24	2.40	—	—	Fl.97
AMRO P	Fl.95	837	3.40	35	4.60	10	6	"
GIST C	Fl.870	110	8	92	17.80	—	—	Fl.258
GIST P	Fl.250	116	5.20	46	8	—	—	"
HEIN C	Fl.160	17	4	8	7	5	2.50	Fl.159.70
HEIN P	Fl.150	36	6	—	—	—	—	"
HEO C	Fl.165	10	2.80	37	6.50	—	—	"
HEO P	Fl.157.50	171	7.40	1	8	—	—	"
HOOG C	Fl.110	358	9.80	66	6.60	8	9.90	Fl.102.50
HOOG P	Fl.105	334	7.20	73	9.50 B	6	10.70	"
KLM C	Fl.50	237	2	17	3.60	41	5	Fl.46.90
KLM P	Fl.45	139	2.30	211	3.40	61	4.20	"
NEDL C	Fl.180	20	1.60	—	—	--	—	Fl.166.50
NEDL P	Fl.160	33	11	2	13.40	..	—	"
NATN C	Fl.85	67	1.60 A	10	3.70	19	3.20	Fl.80
NATN P	Fl.80	85	4.30	72	6.20	40	8	"
PHIL C	Fl.60	1334	1.50	1097	3.30 A	957	4.80	Fl.58.50
PHIL P	Fl.60	990	4.90	406	6.10	86	6.40	"
RO C	Fl.190	394	4.50 B	59	8.30	25	12.20	Fl.180
RO P	Fl.180	459	4.80	139	8	70	9 B	"
ROBE C	Fl.95	10	1.10	14	3.80	1	6	Fl.91.30
ROBE P	Fl.20	--	-	14	2.50	..	—	"
UNIL C	Fl.440	158	6.20	11	17	..	—	Fl.424.50
UNIL P	Fl.400	71	8	10	12.20	5	14	"

TOTAL VOLUME IN CONTRACTS: 35,146.

A=Ask B=Bid C=Call P=Put

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Higher on late buying flurry

SLIGHTLY HIGHER levels developed in a late buying flurry on Wall Street yesterday aided by recovering Technology stocks and retreating interest rates. A late Bond market recovery bolstered confidence sapped by slack demand for US debt at a Treasury refunding this week.

After falling to 1,773, the Dow Jones Industrial Average rallied to 1,789.43, a rise of 3.22 on the day and 14.75 on the week, while the NYSE All Common Index, at $137.12, put on 37 cents on the day and $1.73 on the week. Volume 137.4m (136.0m) shares.

Stocks initially fell sharply, as traders assessed any damage caused by a worse-than-expected US Treasury funding. The funding pushed interest rates higher late Thursday and early today on credit markets.

Throughout the week, investors were keeping an eye on the Bond markets as they absorbed $27bn of securities the Government was auctioning. They attempted to guage the direction of rates, amid concern that rates have bottomed, with oil prices rising. Thursday's unexpected $3bn rise in US M-1 Money supply heightened the anxiety. A slight decline had been projected by economists.

"The psychology is turning inflationary, with commodities rising, and M-1 coming in higher," said Alan Ackerman of Herzfeld and Stern.

Sperry were active, up $1 to $73¼. Arbitrager Ivan Boesky said he controls 9.8 per cent of the stock. Speculation of a bid above Burroughs $70 offer continued to boost it along.

Technology stocks in general jumped late in the day.

Texas Instruments rose $1¾ to $137, and Motorola gained $1¼ to $47¼.

Digital Equipment advanced $5¼ to $177 and IBM $¾ to $149⅞.

Oils continued their general uptrend, spurred along by another modest rise in oil futures. Spot June crude closed at $15.86 a barrel, up 12 cents. Amoco gained $1⅛ to $64⅛ and Chevron $1 to $40¾.

On commodity markets, prices rose modestly, in a reaction linked to further concern over Soviet agriculture.

Leaseway jumped $4¾ to $45¾—its board has decided to solicit acquisition proposals.

Capital Cities climbed another $3¼ to $227—some traders noted that the broadcast and publishing industry stand to gain under the proposed new Tax Reform Bill.

THE AMERICAN S.E. Market Value index rose 0.44 to 272.97. Volume 15,369m (11.4m) shares.

CANADA

Buoyed by stronger Oil issues, stocks recouped early losses to edge up at the close of active trading.

The Toronto Composite index added 2.06 at 306.10. Oil and Gas 36.4 at 269.0 and Golds 6. at 3915.9.

Oils reflected higher oil prices.

TOKYO

Stocks climbed swiftly, boosting the Nikkei Dow market average 116.74 to a record close of 16,194.98. S.E. index rose 14.71 to 1,280.85. Turnover 800m (950m) shares.

A growing conviction that Japan must restructure its export-led economy to one relying on domestic growth helped bolster Domestic-Oriented issues.

Blue Chips less dependent on exports also gained ground.

"Among Domestic-Oriented shares, the market focus isn't so clear, so investors are going for those issues that look to be moving well," one broker said.

Banks, Securities and non-Life Insurances, which have lagged behind other Domestic-oriented shares, advanced sharply. Tokio Marine and Fire rose Y70 to 1,270. Nomura Securities Y80 to 2,080 and Long-Term Credit Bank of Japan Y210 to 8,750.

Properties, Warehouses and Railroads also gained, but recently favoured Constructions were mixed.

Oils also strengthened, due to the firm trend in the crude oil market, led by US gasoline oil demand.

Consumer spending related shares were mixed.

HONG KONG

Stock prices fell on profit-taking despite speculation about a cut in interest rates.

The Hang Seng index shed 12.00 to 1,852.21, while the Hong Kong index lost 6.78 to 1,152.36. Turnover HK$383.95m (HK$415m).

Brokers said some of the selling was aimed at Banks which had posted solid gains in recent weeks. They said Banks were also hurt by concerns about competition from Unit Trusts which may be allowed to invest in capital market instruments.

The Association of Banks holds its regular weekly meeting on interest rates today (Saturday) and many brokers expect a cut in the 8 per cent prime rate. But others said a reduction may be delayed, due to softness in the local currency.

AUSTRALIA

Sharply weaker reflecting profit-taking in Industrials and a lack of buyers in the Resources sector.

The All Ordinaries index fell 10.5 to 1,232.1, the All Industrials index 15.3 to 2,053.6, the All Resources 6.7 to 614.2, the Gold index 6.8 to 853.2 and Metals and Minerals 7.4 to 503.5.

Broken Hill Proprietary fell below the price offered by Bell Resources for the first time since the takeover was formally launched. BHP were down 12 cents to A$7.40. Bell Resources down 10 cents at A$4.05, is offering A$7.70 a share before BHP's 20 cents a share final dividend.

Other companies involved in the takeover value were also weaker. Elders IXL shed 1 cent to A$4.43 and Adelaide Steamship 30 cents to A$14.20.

Westpac Banking, which was listed on the Tokyo SE for the first time on Friday, fell 16 cents to A$5.64.

Elsewhere, Rupert Murdoch's News Corp fell another A$1 to A$23 and the Herald and Weekly Times 30 cents to A$6.80.

Moving against the general trend, Lend Lease rose 24 cents to A$9.70 and Coles Myer 18 cents to A$6.40 on reports a Sydney broking firm has a large buy order for the company.

Oil and Gas shares were also stronger.

Minings were weak.

Oils were slightly firmer on balance. Genoa gained 11 cents to A$1.88.

Pioneer Concrete shed 5 cents to A$2.70 on turnover of 1.7m shares, including 1.6m in five special sales.

GERMANY

Lower after a moderate session, depressed by forthcoming regional elections, the lower dollar, and chart point indications to continue selling.

Radical Environmentalist Greens could win a large slice of the vote in State Parliament elections in Lower Saxony, set for June 15, dealers said. Environmental concern following the Chernobyl disaster might affect the present government of Chancellor Kohl's CDU party there recently.

The lower dollar pushed Motors down, while recent losses encouraged stop-loss sales on a chart basis, they added.

The Commerzbank index of 60 leading shares, set at mid-session, fell 49.6 to 2,049.3—the lowest level in two months—after 2,098.9 on Wednesday. Thursday was a holiday here.

Tyremaker Conti-Gummi lost DM 2 to 231, despite a DM 5 dividend on 1985 earnings after DM 3 in 1984 and an 87 per cent jump in world group net profit. Daimler lost DM 41 to 1,365 and VW DM 21.30 to 595.20, but BMW added DM 6 at 584.

SWITZERLAND

Domestic stocks mixed on relatively high turnover, after a firmer opening. Dealers said the weaker dollar and speculation on a further weakening of the currency following the Tokyo Summit particularly hit Export-Oriented Swiss stocks. But dealers added foreign investors continued to buy selected shares as a hedge against the dollar exchange risk.

Banks and Insurance met strong demand. Insurances ended firmer. Industrials were mixed.

Dollar stocks were mixed around the parity of 1.82 Swiss francs.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NEW YORK INDICES

CANADA

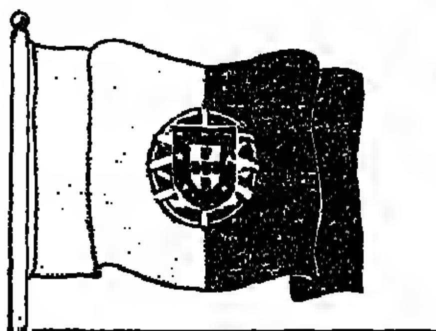
NEW YORK ACTIVE STOCKS

** Saturday April 26: Japan Nikkei 15,707.3. TSE 1,246.32.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

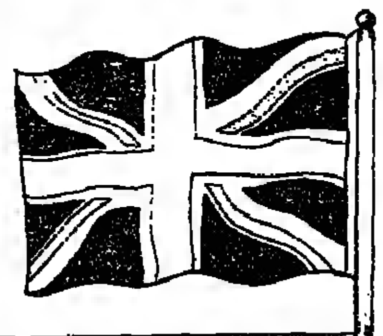
NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. ac Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

FINANCIAL TIMES SURVEY
Saturday May 10 1986



PORTUGAL

THE 600-YEAR ALLIANCE



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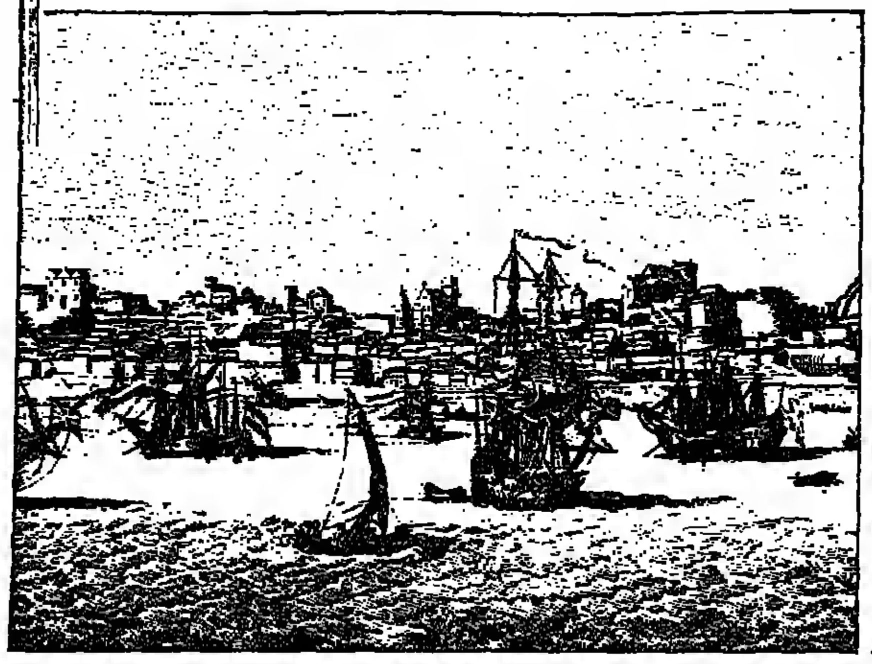
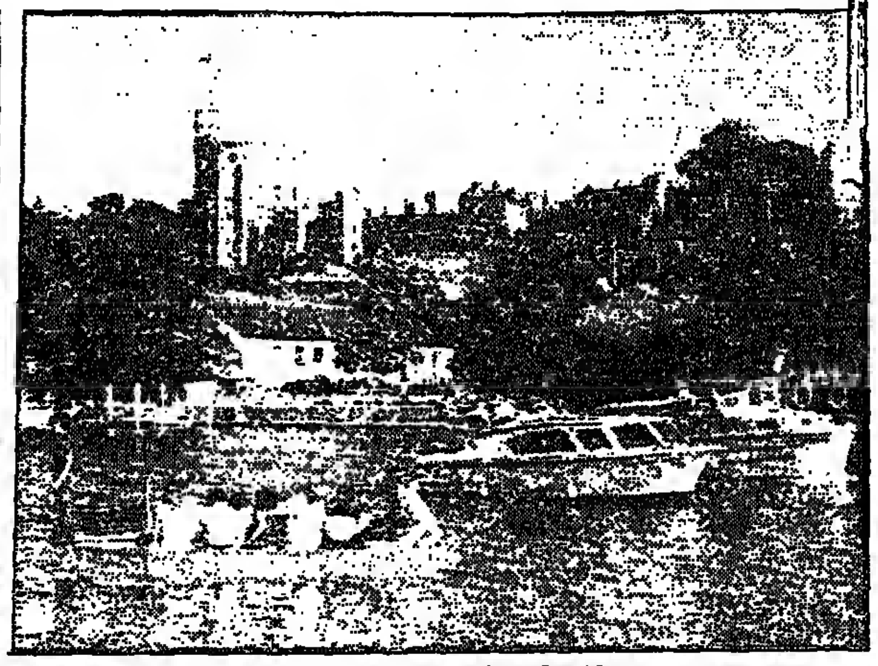




Lisbon at the beginning of the last century and Windsor, where the Treaty of Alliance was signed 600 years ago. Official celebrations will be held there on May 12

The Treaty of the Alliance between Portugal and England made 600 years ago at Windsor started trade links strong enough to weather periods of tension. They have now been strengthened by Portugal's entry into the EEC

A resilient relationship

BY DIANA SMITH

ON JANUARY 1 this year the Community, born of the dream of creating unity and economic integration from the asbes of war, welcomed Europe's oldest surviving nation-state, Portugal, to its ranks — 13 years after Portugal's oldest ally, Britain, *entered the EEC fold.*

History came full circle. Portugal and Spain, barred from the European club at the time of its foundation because of their isolationist dictatorships—and long at odds not only with the world beyond the Pyrenees but with each other—took their places alongside Britain, wbose royal line allied with Portugal 600 years ago to block the ambitions of Castille.

Thus the May 12 celebrations at St George's Chapel, Windsor, of those 600 years of unbroken but rarely idyllic alliance mark a new beginning as well as another century of a delicate balance of interests that have swung often in Britain's favour.

Drawn up in 1386 between the King of Portugal and John of Gaunt, the Windsor Treaty was concerned with the promotion of trade as well as giving *two royal* bouses hedges against incursions by unfriendly nations. British cloth and Portuguese wine were the essence of trade.

By the 18th century, British traders, dealing not only in port wine but in other goods in Lisbon and Oporto, enjoyed profits and privileges not available to Portuguese citizens.

Britain's invocation of the *treaty in the 19th century* stopped Portugal from creating a corridor between ber colonies in East and West Africa in an area over which Britain bad designs. *In the* First World War, Britain invoked the treaty to coax Portugal to seod an *expeditioo ary force to Flanders.*

In the Second World War Britain invoked the treaty to nudge Portugal's "active neutrality" towards the Allies, first ensuring that tungsten, a strategic metal, waa exported by Portugal to Allied as well as Axis countries; then by exacting a naval base in the Azores. This paved the way for today'a important US air base at Lajes on Terceira Island.

More recently, the treaty was invoked in the Falklands crisis to let British military aircraft overfly the Azores en route to the South Atlantic.

Portugal has had less success in invoking the treaty this century: in 1961 wben India—whose British connection began with the marriage of convenience between *Charles II* and Princess Catharine of Braganza, who took Bombay, then a Portuguese possession, to *England* as part of her dowry — occupied the little Portuguese enclave of Goa. Britain refused to grant Portugal refuelling rights at British air bases en route to India on the grounds that this would support Portugal against a *member* of the British Commonwealth.

Despite sporadic tensions, the Anglo-Portuguese alliance was resilient enough to last. *Today, 10,000 Britons live* in Portugal, and many look forward to new business opportunities now that Portugal is a full member of the EEC.

Portugal, too, bas been resilient enough to last through eight centuries as a small, bopeful nation which discovered rich continents but bad trouble feeding its citizens at bome. As the 20th century fades, Portugal is rebearsing a new brand of bope—progress, modernisation and status under the European banner.

Lagging behind in levels of income, industrial and agricultural output and productivity, dynamics of the financial system and essential infrastructures, Portugal will get relief in the form of Community funds to build up farming and industry, and to build training schools, roads, waterworks, ports and airports—a latter-day variation on the *£50,000* Britain sent 230 *years* ago to rebuild Lisbon after a devastating earthquake.

To the surprise of many, Portugal has risen above its *Marxist* revolution and *drain* on financial resources from the aftermath of arbitrary nationalisations of banks and businesses; has tolerated 16 governments in 12 years: and two bouts of fierce austerity in 1978-80 and 1983-85, wben it seemed that the fragile economy might wither away under the glare of IMF scrutiny. Now the country can breathe more easily.

Coming after the correction of dangerous external deficits, with *painful* belt-tightening that severely bruised domestic businesses, the falling dollar and plunging oil prices could not have occurred at a better time for Europe's least-rich new member.

The turnround is amazing: from a 1982 current account deficit of $3.2bn *with* foreign debt growth of over 20 per cent, a year that made international bankers shy away *from* lending to Portugal, to a probably $500m current account surplus in 1986 and a foreign debt picture that bas improved so spectacularly that the outgoing governor of the Bank of Portugal, Dr Vitor Constancio, could renegotiate softer and longer terms for almost $2bn of this debt.

A net inflow of European funds of $220m will further help the current account. With international confidence boosted by tidier external accounts and new European status, the authorities hope for more *foreign investment in* a wider range of activities.

They may get it if they are less backward about coming forward with the new *liberalised foreign investment* code that has been promised for months and is still not on the statute books.

Portugal's oldest ally also recently took the record for the longest-running negotiations over major British investment in Portuguese industry — and British businessmen are not the only nationality to develop a glazed look when Portuguese negotiations crop up in conversation.

Outsiders may *understand* philosophically that it is not easy for a deeply-bureaucratic nation to take a pair of giant shears to the thicket of red tape. But understanding is one thing, putting up with the thousand difficulties that would-be investors are *heir* to, is another.

In banking, European and American banks negotiated their way in a year or so ago and are *busily livening* the market despite—that word again—bureaucratically-imposed ceilings on their lending.

Spanish banks, Banco Ex*terior and Banco Central,* two of the next door neighbour's most powerful institutions, are waiting with slightly-disbevelled patience, to be granted licences to open branch offices in Lisbon, wbile according to recent reports, Spanish *investors* are beginning to buy into arable land in the *south and look with* acquisitive interest at Portuguese industrial ventures.

This is a paradox of contemporary bistory. Neighbours *with their backs stolidly turned* on each other since the early days of the millenium, Portugal and Spain are now sbeltering under the umbrella of the European Economic Community, gingerly taking eacb other's measure and trying to sort out, in a few months, the aftermath of centuries of misunderstandings, attempts at alliances, annexations, bloody battles and decidedly lopsided trade.

Before accession, Spain's exports to Portugal outnumbered Portuguese exports to Spain by five to one. That was due largely to *Spain's protectionist trade barriers* and is not a situation the Portuguese care to perpetrate now.

They become edgy wben they think of competitive Spanish industry and agro-business weighing into their markets with all the power of major investments in recent years behind them. Tbey frown when they ex*amine Spanish rules* of origin and labelling laws that make it hard for Portugal to increase its exports to Spain.

But where Portugal once turned to John of Gaunt, he of the "jewel set in a silver sea," and got not only a treaty but a princess, Gaunt's daugbter Pbilippa of Lancaster as bride, the *country turns* in a silvery glass pile set in grey-clouded Brussels for peaceful Community solutions to such tricky problems as whether a Portuguese fork does or does not meet Spanish standards.

A less colourful activity than royal weddings and wars of dynastic succession—but times have changed since 1386.

Good progress on plan for expansion

Economy
DAVID WHITE

PORTUGAL IS faring better economically than for some years. A pick-up that began last year has been helped along enormously by the fall in price of oil imports. But Mr Anibal Cavaco Silva, the economist heading the new, technocrat-dominated centre-right Government, is taking a cautious line, worried that there may be trouble down the road.

The Government came in last November with a policy of modest reflation, presenting it under the strange-sounding slogan of "controlled progress."

Judging that the Portuguese had been given an overdose of austerity in the last two-and-a-half years, it set its sights on reviving sluggish investment. Emphasis was to go on activities geared to export and to substitution of imports in order to control the trade deficit, the main constraint on economic growth.

The idea at the outset was that the balance of payments current account—which produced a solid surplus last year for the first time since 1973, perhaps as high as $300m—would have to be allowed to run into a deficit of several hundred million dollars this year.

The result of lower oil prices (which are expected to save Portugal between $400m and $600m), a lower dollar and lower international interest rates, is that the current account is now likely to remain comfortably in the black—which is not bad for the first year of EEC membership, considering the anticipated rise of imports.

Growth is expected to accelerate from 2.5 per cent last year to 4 per cent-plus this year.

The chances of the expansion plan succeeding are enhanced by this good fortune on the external payments front, on the one hand, and on the other by rapidly falling inflation.

The target was to cut average inflation from over 19 per cent last year to 14 per cent, but the rate has come down faster than expected. In March, the price index showed a rise of just over 12 per cent for the previous 12 months, roughly half the equivalent rate a year earlier. The final rate this year is now generally expected to be lower than that. Value-added tax, which will not be fully in place until 1989, has had less inflationary impact than feared.

Mr Miguel Cadilhe, the Finance Minister, has revised his aims accordingly. Instead of 10 per cent next year and 8 per cent in 1988, he now predicts 8 per cent next year and a 1988 rate in line with EEC averages. It would then be feasible for Portugal to join the European Monetary System, at the end of that year or the year after.

The Government gave a signal for increased confidence in the escudo when it suspended monthly "crawling peg" devaluations for four months, resuming them only in April.

Real earnings in Portuguese industry, which fell by 15 per cent during 1983 and 1984, recovering by about 1 per cent last year, are expected by Mr Cadilhe to regain at least 3-4 per cent this year. Some economists believe that private consumption could rise in real terms considerably more than the 3.5 per cent planned by the Government.

The Government has tried to influence employers to keep pay increases within about 17.5 per cent. Wage settlements have come down in size but most, in the late part of last year and the early part of this, were above this level. Obtaining a bargaining process geared to anticipated inflation, rather than past rates, is regarded as crucial.

In its effort to reduce production costs, the Government has cut interest rates by 5.5 per cent in the last five months. Mr Cavaco Silva has, however, resisted pressure for further cuts. Also with the aim of encouraging the private sector, the Government has set out to hold its budget deficit at its 1985 level in escudos, which means reducing the deficit burden from 13 per cent of gross domestic product to 11 per cent.

Mr Cavaco Silva has committed it to cleaning up both the budget and the public sector companies (whose financing needs are counted separately), and to making them transparent.

He criticised the previous Soares government for not moving enough on the nationalised sector. A report by Finance Ministry inspectors earlier this year found the worst loss-maker, the CNP petrochemicals concern, to be "manifestly unviable," suggesting either a stop-go policy or shutdown, and also proposing closure of unprofitable parts of the Quimigal chemicals group.

While it seems unlikely that the Government would go so far as total closure, the first substantial measures were imminent et the time of writing.

A constitutional barrier remains in the way of selling off nationalised companies; but the possibility is open of bringing in private capital through participation bonds—a French-inspired instrument, already being used in the state banking sector—or through new share issues. A tighter hand is, meanwhile, due to be kept through management contracts with the companies.

The reform being undertaken in the capital markets is seen as bolstering private initiative and preparing the ground for eventual privatisation.

As the battle looms over jobs in the state sector, Mr Cadilhe is optimistic about prospects for new job creation. Against the opinion of many others, he maintains that unemployment will fall from its present level of 11 per cent. He also hopes that by the end of the year, economic growth will have resolved the peculiarly Portuguese phenomenon of workers not receiving their wages. So far the Government has applied palliative measures for this problem—offering aid, so that workers can either dismiss themselves and get compensation, or suspend themselves and get a special subsidy.

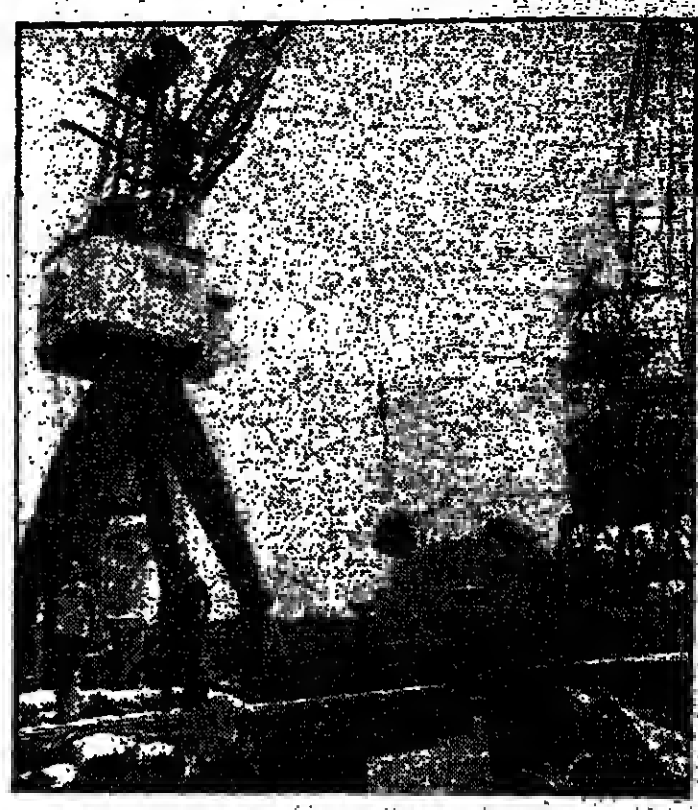
The risk entailed in Portugal's bid for growth lies in its dependence on imports and the danger of running once more into foreign exchange difficulties.

EEC entry will bring some tangible benefits, with net inflows from the community in this, Portugal's first year expected to be between $200m and $300m. But it remains to be seen how seriously membership will affect the trade balance in the medium term.

The Portuguese economy

	1983 $m	1984 $m	†1985 $m
Imports (fob)	7,644	7,308	7,038
Exports (fob)	4,569	5,177	5,620
Trade balance	−3,075	−2,131	−1,418
Emigrants' remittances	2,151	2,155	[illegible]
Net tourist income	591	728	800
Current account balance	−1,640	−623	[illegible]
Foreign debt	14,485	14,914	15,560

† Estimate.



Lisbon docks: the government has put the emphasis on activities geared to export.

British investment totals £300m

Industry
The UK presence
CHARLES HODGSON

SIX HUNDRED years of close political and trading links have ensured a consistent British commercial and industrial presence in Portugal, which looks set to expand with the country's accession to the EEC.

From beginnings in port wine, textiles and shipping, this presence has expanded in modern times to cover many sectors, including property and tourist development, pharmaceuticals, banking, insurance and accountancy, mining, paper and pulp and vehicle marketing.

Today there are about 170 companies with non-resident UK capital; 25 per cent of them are in industry, 35 per cent in commerce, 30 per cent in banking, finance and other services, and 10 per cent in other sectors.

Total British investment in Portugal is currently put at well over £300m. Britain has traditionally ranked fourth or fifth in the value of its investments, with about 10 per cent of the total—behind the US (35 per cent), France (12 per cent) and Switzerland (11 per cent).

Last year, however, a number of particularly large investments pushed Britain into an unaccustomed first place.

Wiggins Teape, the paper maker, bought a 43 per cent stake in a new $300m pulp mill being built by the Portuguese company Soporcel. The British company is committed to sharing in further investment of up to $200m in machinery at the plant to produce paper from eucalyptus wood.

Rio Tinto Zinc secured a 49 per cent share in EDMA, the majority Portuguese-owned mining company for about $87m. Tate & Lyle bought into two sugar refineries, giving it two-thirds of the local market.

UK trade officials in Portugal have noticed a marked increase in the number of British companies expressing interest in investment in the country since it joined the EEC on January 1.

The opening up of the Portuguese market, added to the expected boost to the economy from the Ecu 1bn of EEC funds for agricultural and regional development up to 1991, are strong incentives to investors.

The Social Democrat minority government is keen to encourage foreign investment and has drawn up a new investment code aimed at bringing Portugal's legislation closer into line with the other EEC member states. Meanwhile, new regulations have been introduced to speed up approval procedures, particularly from EEC countries.

The Government is particularly keen to encourage joint ventures that would combine modern foreign management and technology with the cheap and usually productive local labour. Labour costs are currently about 20 per cent below the average in other EEC countries.

The authorities have also targeted health services, education and communications as priorities for modernisation; and investment from abroad is being encouraged.

Mr Bruce Dawson, of Garland Laidley, the Lisbon-based shipping, insurance and security company, is relatively optimistic about future prospects for foreign investors. "Now is the time to invest," he says. "Portugal is at the bottom of the scale and it has got to grow to catch up."

Mr Dawson sees a number of areas for potential expansion: the manufacture of components for the electrical and electronics industries, agricultural production and food processing using sophisticated methods and equipment, and the manufacture of vehicle parts.

There is also scope to develop existing sectors, particularly in tourism and leisure, and in mining, including the exploitation of slate, marble and granite.

"The key is that the investment should be export-oriented or import-saving," says Mr Dawson. "It's not easy to get in. This is a small market, and you have to be very determined to get in."

Besides easing approval controls on investment the Government says it will reduce personal income tax and corporate tax and, more important, tackle the tricky problem of strict labour legislation that makes it extremely difficult to sack or lay off workers. This has been a disincentive to foreign investors in recent years, but the Government will face a tough battle with the socialist and communist parties in parliament, and the communist-run trade unions in its effort to relax labour laws.

Nevertheless, the economic outlook is encouraging, largely because of the fall in oil prices and interest rates. Dr Artur Santos Silva, president of the Oporto-based Banco Portugues do Investimento, says that oil prices could turn a forecast $750m balance of payments deficit into a $700m surplus this year. Portugal spends about 12.5 per cent of its gross domestic product ($2.4bn a year) on oil imports.

The fall in world interest rates is forecast to save $300m this year in interest payments on the country's $15bn foreign debt.

While the economic outlook is improving, the question remains whether the minority government can stay in power long enough to ensure badly-needed political stability.

Economic good fortune boosts Cavaco power

Politics

DAVID WHITE

LUCK IS on the side of Mr Anibal Cavaco Silva, Portugal's centre-right prime minister.

A year after the 46-year-old former finance minister began his meteoric rise, starting out from being the contested new leader of what was then the junior partner in a socialist-led coalition, economic good fortune has come to his aid and increased his chances of staying in power.

Without the windfall benefits of cheaper oil, which have boosted Portugal's tentative recovery, his position would have been more wobbly than it is.

After torpedoing Mr Mario Soares' two-year-old coalition government, just as Portugal was about to join the EEC, Mr Cavaco Silva's Social Democrat Party (PSD) came ahead in last October's general election with almost 30 per cent of the vote, against the socialists' meagre 21 per cent.

But this left him with a minority of barely a third of the 250 seats in parliament, and means he has to rely on support from the new Democratic Renewal Party (PRD). Formed around the figure of the last president, General Antonio Ramalho Eanes, this is less a party than a collection of unknown factors.

Then the Prime Minister's hopes of setting up a second pillar for centre-right government collapsed in the elections for a successor to President Eanes. Mr Soares, who had stood down as Socialist Party leader before the general election in order to run for president, came from behind in February's run-off vote to pip the right-wing favourite, Mr Diogo Freitas do Amaral.

With the old fox of post-dictatorship Portugal installed at Belem Palace, the country thus embarked on a period of "cohabitation" between a socialist presidency and a centre-right government a month before the French did the same thing.

The difference between the Portuguese and French experiments, apart from the fact that the Portuguese president has relatively restricted day-to-day powers, is that Portugal is not unaccustomed to friction between the two institutions. General Eanes had fallen out with most of the governments since 1976.

Although it is hard to believe that Mr Soares will resist forever the temptation to indulge once more in political gamesmanship, his relations with Mr Cavaco Silva have, comparatively speaking, been good so far.

Clearly, Mr Soares is not ready to rock the boat; nor is the Socialist Party ready to try to break the minority government right now. The Socialists have to reorganise themselves under new leadership and set about recovering disaffected voters. The danger they face is that Mr Cavaco may provoke a crisis before they are prepared to face him again in an election.

The most likely source of a parliamentary crisis would be the planned reform of Portugal's notoriously inflexible laws protecting workers from dismissal. Other potentially explosive issues are changes in the Constitution, which comes up for its five-yearly review from next year, and security and penal laws.

Pressure will come not only from parliamentary parties but also from unions. Prolonged disruption recently on the state railways, a power-base of the communist-dominated CGTP labour federation, may be a signal of strife to come.

The Government appears to be secure, however, at least until next year, and hopes that by then rising living standards will start to be felt. Inflation, although still in double figures, is set to be the lowest since before the 1974 revolution.

"In these five months," says Mr Miguel Cadilhe, the Finance Minister, "we have succeeded in creating expectations in line with our aims."

Mr Cavaco Silva hoisted himself to power with the same kind of forward-looking, invigorating image that worked for Mr Jacques Chirac in France. Essentially a technocrat, he has developed his own brand of populism, even demagogy. When he has felt harassed by Parliament — as happened over the budget — he has appealed to the people for judgment. When petrol prices were cut, against the Government's will, he blamed the others for making it impossible to lower the price of milk.

How long his government, the 16th Portugal has had since 1974, remains in power will depend on what happens to the second and third largest parties, the Socialists and the nebulous PRD.

The Socialists are due to elect a new leader to replace Mr Soares at a congress next month. Although Mr Jaime Gama, foreign minister in the last government, has the backing of much of the party apparatus, the odds have swung in favour of 42-year-old economist Mr Victor Constancio, a former university colleague of Mr Cavaco Silva and, until recently, governor of the Bank of Portugal.

European political history is hardly replete with examples of central bank chiefs becoming heads of parties, let alone socialist parties, but Mr Constancio has union support behind him.

The party, suffering from its somewhat autocratic leadership up to now, and even more from the two austere years of coalition government, during which it lost touch with its normal electorate, faces substantial reorganisation. Mr Constancio reckons that, of the 18 per cent of the vote which the PRD won in the October election, 14 per cent was taken from the Socialists. The party now has to set about recovering its voters and establishing something more like a two-party system between itself and the PSD.

The defects of the previous four-party structure, with its inability to throw up a stable government, have been accentuated with the arrival of the PRD, Portugal's most recent formation and its most volatile. The PRD beat the powerful Communists for third place in October, but made hardly any impact in local elections in December. Broadly leftish in flavour, but with some distinctly right-wing overtones, the party's future, if and when General Eanes becomes its effective leader, is unpredictable.

On the right, the so-called Centre Democrats of the CDS, the PSD's most natural allies, have moved further away, back towards their Christian Democrat origins, with the election as new leader last month of Mr Adriano Moreira, 69-year-old former overseas minister in the Salazar régime. The party's share of the vote dropped below 10 per cent last October.

As one comentator put it: "The CDS undoubtedly has its place in heaven, but its place in Portuguese politics is open to question."

At the other end of the spectrum, the once impregnable fortress of Portugal's pro-Moscow Communist Party has begun to show some cracks. In the general election, the Communist-led platform polled less than 16 per cent. It would be imprudent to write the Communists off in a country where social conditions provide such fertile ground for them. But the party, strongly marked by the charismatic personality of Mr Alvaro Cunhal, its veteran leader, will be hit when he goes.

The parties of post-1974 Portugal are coming to the end of the era of the founding fathers. In the new year, optimists hope political life will become less confused and less at the mercy of petty interests.

A new daily newspaper, O Seculo, resurrecting an old title, was launched a couple of weeks ago with a proclamation in favour of "more information, less opinion, more of the real country, less politics." Many people would share this desire. But, knowing Portugal, it may be wishful thinking.

Mr Anibal Cavaco Silva, Prime Minister of Portugal: windfall benefits like falling oil prices have increased the chances of his Government staying in power.

Bulk of projects from companies in the EEC

Foreign Investment

DAVID WHITE

FOREIGN investment in Portugal has been rising in dollar terms in the last two years at a rate of over 30 per cent a year. But the rise is not so surprising as the fact that, considering Portugal has joined the EEC with wage levels well below those of any other member state and even below those of some Asian manufacturing centres, there is not still more of it.

Last year's foreign investment total of about $250m is proportionately small beside the $3bn that flowed into neighbouring Spain. Why — when unit labour costs in Portugal are estimated at 40 per cent of Spain's?

Although foreign capital is present in most sectors in Portugal, and dominant in some, new arrivals have been deterred by a succession of short-lived, shaky governments, by the limited market within Portugal, by low consumer purchasing power, and by a morass of paperwork and bureaucratic delays.

EEC membership, providing a more settled economic framework and guaranteeing access to European markets, has created increased interest both from within and from outside the Community. But the numerous managers who have recently taken a fresh look at Portugal, especially as a place to make components for production operations elsewhere in Europe, have been twiddling their thumbs in expectation of the Government's new foreign investment code.

The main demonstration of confidence has come from companies already operating in Portugal. According to Mr Jose Viana Baptista, chairman of the Foreign Investment Institute, a third of the profits that foreign-owned companies were entitled to repatriate last year were ploughed back instead into their Portuguese operations.

Investments in already established companies made up 60 per cent of last year's total. New projects accounted for 25 per cent and acquisitions a further 12 per cent.

EEC companies have come to dominate the picture, providing 65 per cent of all foreign investment in 1985. Most of this —42 per cent of the overall total — came from Britain, mainly in the form of two large projects: Wiggins Teape's $50m investment in the Soporcel pulp complex and Rio Tinto Zinc's participation in the Neves Corvo copper pyrites venture.

The share of total investment taken up by the pulp project was only exceeded by banks which, responding to the opening of the Portuguese market, made up a combined 21 per cent.

US companies have put more money into their Portuguese operations. But on the other hand, new applicants, still unnerved by political uncertainties and by Portuguese red tape, are not queuing up in large numbers.

High on the list of projects this year are motor industry plans for reconverting Portuguese assembly operations, originally set up because of quotas on imports of finished cars. With these quotas due to go by the end of next year, the authorities have been encouraging plans for making components instead for incorporation in vehicle production in other EEC countries.

Fiat has already reached agreement on a project to make car body parts and mechanical and electrical components at its plant, and Ford—which three years ago produced Portugal's biggest foreign investment disappointment by shelving a major car manufacturing project—is expected to sign a deal for making a commercial pick-up in Portugal for the European market. These projects are aimed at maintaining employment at both companies —about 700 jobs in total.

In addition, General Motors is negotiating a project for a third components factory, which would be expected to create some 500 jobs, and a new Japanese components venture is also being discussed.

Mr Viana Baptista also emphasises the scope and need for foreign investment in the food sector, which will benefit from EEC funds and which is seriously deficient in marketing and distribution skills.

The new investment code, publication of which was still being awaited at the time of writing, will set up a general regime for EEC-based companies, giving them the same rights and obligations as Portuguese companies—except that, unlike the latter, they will be free to take profits out of the country.

This means giving foreign investors access to all sectors that are open to Portuguese private initiative. Rules reserving activities such as shipping companies to majority Portuguese ownership will be dropped.

The exceptions are state monopoly sectors such as electricity, water, arms and oil refining. Limits on foreign companies' access to local credit will also be scrapped.

Application procedures for EEC companies are simplified through a system of tacit approval. Once a project is presented, it can go ahead automatically after 60 days if there are no legal objections. Movements of capital from the EEC will be free up to 1.5m Ecus (£953,000), and this will be raised by 20 per cent a year until complete freedom in 1990. Larger sums will be considered tacitly approved by the Bank of Portugal after 30 days.

At the same time, however, a contractual regime will remain in force for companies to negotiate incentive packages pegged to an agreed set of targets. The main yardsticks for evaluating the merit of a project are its impact on the trade balance, the access it provides to new technology or new markets, and the number of jobs. Until now, this system has been applied only to major projects and terms have been subject to cabinet approval, but in future packages can be agreed with the institute and the ministry most directly concerned.

Mr Viana Baptista is optimistic that investment will continue to grow. But a more cautious view is expressed in a study being published this month by the Economist Intelligence Unit*. Its author, Mark Hudson, while forecasting Portuguese growth in the next five years below the European average, sees foreign investment continuing around the present level.

Portugal's wage advantage, which he believes will be maintained, is offset by an unenticing local market, poor infrastructure, difficulties in cutting labour when necessary and the availability of better capital incentives in some other European countries.

He argues that the very large foreign investment projects in Europe have mostly taken place already and that Portugal has to some extent missed out. But on the other hand he foresees more interest in sectors such as tourism and retailing, and a possible revival of foreign equity investment in successful companies in textiles, clothing and footwear.

*Portugal to 1990: The Challenge of Modernisation, by Mark Hudson. EIU, London, £95.

Reforms needed to meet competition

Banking and capital markets

DIANA SMITH

LIKE NOVICES at a dancing school, Portugal's banks are mastering the intricate new steps of modern banking. Not too long ago they could afford to sit on the sidelines.

But competition and younger talents came to Lisbon, bringing a taste for new instruments, faster dealing and more space for market forces to act. Matters have moved so rapidly in the past year that comparisons between the financial system now and, say, in 1981 seem ludicrous.

Following innovators who set up investment companies and leasing companies after late 1981, a gaggle of foreign and new privately-owned Portuguese banks began to stir up the market a year and a half ago.

There are now nine foreign banks competing in Portugal: Lloyds, Barclays, Banque Nationale de Paris, Credit Franco-Portugaise (Credit Lyonnais), Banco do Brasil, General Bank of Belgium, Chase Manhattan, Citibank and Manufacturers Hanover Trust.

Lloyds and Credit Franco-Portugais, in the capital for generations, had a barely-perceptible impact on the market in the past. But as the threat of sophisticated European or US banks drew near from the turn of the 1980s, they sharpened their competitive tools in Portugal.

Old established and new foreign banks have carved out a market share of 4 per cent and rising steadily, despite the tight corset of credit restrictions into which newcomers must squeeze themselves each month.

Constrained by the authorities' determination to rein in money supply for another year or so new foreign banks mostly doing wholesale trade are held to leverages of about one times capital of Esc 1.5bn ($9m)—compared to 12 times capital in Spain.

The possibility of importing up to twice their capital so as to increase their lending base helps some, but cannot match the buoyant demand for trade financing and other operations they are experiencing as the local economy picks up.

Some newcomers cannot grumble about local operations such as leasing, showing between 40 and 50 per cent return on capital after two years in business. Barclays' Sofinloc and Banque Nationale de Paris' Leasinvest are in this comfortable bracket: the former concentrates on large clients, the latter goes for individuals who want a minicomputer or other gadgets.

Meanwhile in the north, where Portugal's most dynamic banks have originated, three new privately-owned commercial banks, Banco Comercial Portugues with strong capital of twice the minimum requirement of Es 1.5bn, BCI, the commercial sister of BPI, Portugal's first investment bank and Banco Europeu de Credito, which marks the return to local banking of the Espirito Santo family who were dispossessed by the 1975 revolution, are preparing to compete with nationalised banks on one flank and the foreigners on the other.

The Bank of Portugal in Lisbon and the Portuguese Stock Exchange

Businessmen in the north have been quick to spot the possibilities and challenges of European membership and the presence of aggressive new domestic banks is a sign of this new perception of finance and industry.

The sound of sabres being sharpened has made nationalised banks both nervous and exhilarated. It has driven them to modernise equipment — but has not relieved the burden of overmanning with staff levels of 44 or more per branch and staff costs representing 60 per cent or more of overheads. This stalemate will persist until parliament approves the government's proposals to liberalise the labour laws.

It has made them divest themselves of assets or activities unrelated to banking inherited from the days when they were privately-owned holding companies with fingers in pies ranging from trade to heavy industry.

The authorities want foreign or Portuguese banks still queueing up for a licence to agree to buy premises from nationalised banks. This would permit banks to dump unprofitable branches in Lisbon or Oporto and make some money — they hope— on the transaction. After the 1975 revolution nationalisations, banks opened too many branches for market requirements, and have lost heavily on them.

Having begun to shed unprofitable assets, the nationalised banks have more room and resources to become involved in the plethora of new instruments.

The system is spinning off in a variety of directions, starting last summer with short-term Treasury Bills that laid the foundations of the interbank money market and took the heat off expensive term deposits; and continuing with an interbank spot foreign currency market that has progressed to an international spot market; and with an interbank futures currency market due at the end of the year.

The first authorisations for unit trusts (mutual funds) were granted recently. The pioneer, called Invest, will be operated by the Banco Nacional Ultramarino, Banco Fonsecas e Burnay, a number of insurance companies and CISF, the financial service company that has just gone public with its shares quoted on the unofficial market.

In three years, these unit trusts could hold portfolios worth Es 10bn ($60m), spread over bonds and equity and placing 10 per cent of the portfolio abroad.

Another unit trust, Fipor, led by Banco Portugues do Atlantico and BPI, is in the offing, and a third is being set up in conjunction with MDM—Morgan Deutsche Mello, the investment company.

Hot on the heels of unit trusts, Portugal's first venture capital company led by the strong northern holding companies RAR (sugar refineries) and Sonae in association with Baring Brothers, awaits its licence so that it can start up with an initial capital of Es 500m ($3m).

Seeking to increase and liberalise their capital, nationalised banks have begun to launch participation bonds, a French invention that is two thirds fixed income bond and one third equity entitling the holder to a dividend. The first issue by Banco Portugues do Atlantico came in late April, others by Banco Espirito Santo, Banco Pinto Sottomayor and Banco Totta e Acores, will follow soon.

Other instruments will follow: certificates of deposit, commercial paper, zero coupon bonds, investment trusts and debt factoring.

Combined with jauntier activity on the stock exchange and unlisted securities market where lately profitable enterprises such as Sofinloc and Locapor (leasing) have offered shares, and with strong demand for bonds, the new instruments spell liberalisation and reflect an understanding by the authorities and entrepreneurs that Portugal cannot keep being hamstrung by soporific bureaucracy and antiquated banking methods.

The country has 6½ years to put its financial system into well-oiled shape before European banks enjoy an unrestricted right of establishment. By then if structural reforms rather than timid piecemeal running repairs go through, there should be major changes among nationalised banks, some of which run on a shoestring that has grown more frayed with each unprofitable year.

Competition is turning the cold light of realism on Portuguese banking and forcing effective corrections.

Region's vitality comes from small businesses

The North

CHARLES HODGSON

THE LONG, whitewashed frontage of the Casa da Roupeira dominates a sweeping curve of steep hillside overlooking the Douro valley, 70 kms from Oporto. Set in 70 hectares of vineyards, orange groves and pine woods, it is a typical medium-sized farm of the Douro valley, reflecting the traditional values of northern Portugal—a keen sense of property, of family, of community and of hard work for oneself.

The owner, Mr Bento Carlos Azevedo Pinto, whose great-great-great grandfather built the house in 1786, is, like other northerners, proud of the region's heritage as birthplace of the kingdom of Portugal. It grew up around Oporto in the early 12th century, pushing south to take Lisbon from the Moors in 1147 and the rest of the country by 1217.

Ask a northerner even today about the relationship between north and south and he might well still begin his answer with a traditional Oporto saying: "The North is Portugal, the rest is Arab."

Demarcated by the River Mondego at Coimbra and the River Minho at the northern border with Spain, the region covers 45 per cent of the country's mainland area and nearly half of its 10m population.

It is the locomotive of Portugal's growth, generating 47 per cent of Gross National Product and about 70 per cent of exports, chiefly footwear, textiles and port wine.

Mr Ludgero da Silva Marques, president of the Oporto Industries Association, believes the GNP share would be higher but for the contribution of the largely Lisbon-based services sector. He attributes the vitality of the region chiefly to the heavy concentration of small and medium-sized businesses—particularly in a 50-60 kms radius of Oporto—and to the traditionally good relationship between employers and the workforce.

"Workers have a different attitude here. They sense that they belong and that there is dialogue with their employer," he says.

Most northerners own a house or land. They tend to have their roots close to their work, which is far less true in the south, where there has been an accentuated drift from the land to the industrial areas around Lisbon.

There was no clearer indication of this difference in attitudes than in the immediate aftermath of the 1974 revolution. The large industries of the south, concentrated in a 50-60 kms belt around Lisbon—shipbuilding, steel and metalworks and chemicals—were nationalised, along with the vast agricultural estates often owned by absentee landlords in the Alentejo.

The workforces in those industries formed a classic proletariat supporting the revolution as did the landless estate workers.

The revolution also hit hard at those industries that had grown up along the banks of the Tagus to process products from Portugal's African colonies—chiefly oilseeds, coffee and sugar. Foreign investors in the south also suffered, with many holdings expropriated.

The impact on the north was minimal by comparison. And the tradition of property ownership, of small family businesses and of peasant landholdings had ensured the development of a middle-class entrepreneurial spirit that remained largely unaffected by the Leftist rhetoric of the revolution's leaders.

The differences in attitude in workforces and in the size of companies also tended to accentuate in the south the legacy of labour unrest left by the revolution.

There are other reasons for the predominant economic role played by the north. The country's first commercial banks were established in Oporto and a close relationship of mutual trust developed between bankers and clients.

The role of the British, who came to exploit the port wine trade and diversified into textiles and services, and of other foreign investors, particularly German and French, was also a key factor in the region's development.

The north of Portugal is also the youngest region in Europe in terms of the age of its population and this creates an awareness of the need to generate employment.

The differences between the regions should not be overstressed, however. The country is becoming more homogeneous and the process will be speeded up by entry into the EEC. Funds from the Brussels regional development fund are being targeted initially at improving infrastructure and communications, particularly roads.

The Lisbon-Oporto motorway is a priority—it can still take a lorry seven hours to travel the 300 km between the two cities. More than Ecu 54m have been allocated to the motorway project in a unique combination of regional fund grants and European Investment Bank loans.

There are signs too that the traditional coolness of northerners towards politics (at least as far as participation in government is concerned) is also changing and that the month's political influence may be starting to approximate to its economic power.

There are more northern politicians in the present Social Democrat minority government of Prime Minister Anibal Cavaco Silva than at any time in the country's history. They include the Finance Minister, Mr Miguel Ribeiro Cadilhe, former chief economist at the Banco Portugues do Atlantico in Oporto, the Interior Minister, Mr Eurico de Melo, a textile industrialist and Planning Minister Mr Luis Valente de Oliveira.

This will give the north increased influence in government strategy. The traditionally Centre-Right northern voters were a crucial factor in the success of the Social Democrats in last years' election: they won on a platform of relaxing the previous government's stringent austerity programme and boosting growth.

It will also help secure the north's share of the Ecu 1bn in EEC funds that the government hopes for between now and 1991.

Although most of the money earmarked so far has gone to infrastructure projects, the EEC is not alone in wanting to see aid given to small and medium-sized industries.

Businessmen in the north are keenly aware of the challenge that EEC entry poses and the need to bring in new management and production techniques.

At Casa da Roupeira and surrounding small farms, however, the talk is as much of opportunity as challenge. Agriculture officials from Brussels have already visited the Doura valley, checking the area planted to vines and the quality of the wine produced, to demarcate the "vihno verde" region. Mr Azvedo Pinto's son, Antonio Carlos, points with pride to his newly-planted "EEC vines."

Production at the farm of the region's light white wine with its low (9-10 deg) alcohol content will increase only marginally from its average 40,000 litres a year and most will continue to be sold to the local co-operative at guaranteed prices. But the family hopes that EEC entry will mean an increase in the value of the wine because of access to the larger market.

Up to now producers have been dependent on local demand, particularly from larger producers like Jose Maria de Fonseca, which uses it to mix with their own products.

No one expects EEC entry to restore Roupeira to the prosperity enjoyed by the family's ancestors, who held a monopoly on shipping wines downriver to Oporto. The threat posed by EEC entry to Portugal's backward, inefficient small farmers is potentially devastating.

But families like Azevedo Pinto hope that by drawing on the traditional strengths of northern Portugal—a sense of collective responsibility and community—to form more co-operative ventures, they can preserve as far as possible the character and way of life of the region.

Problems ahead for smallholders

Agriculture

DIANA SMITH

AT A RECENT Sunday lunch on a 2,000 hectare (5,000 acre) farm in the flatlands around the River Tagus that contain Portugal's richest arable land, the host, Jose Silva Lico, served fresh asparagus and light white wine. He sent his guests home with arms full of turnips—all his own produce.

Had they chosen, they could also have taken with them oranges or strawberries. And, by now well-fed guests can add melon or watermelon to their load: the fruit has ripened under long strips of plastic to protect it from late frosts and other risks.

Jose Lico is one of a lucky minority of Portugal's 900,000 farmers who own farms large enough and use modern methods to produce crops from a soil that can be tricky, in a climate that swings between two or three-year long drought cycles and a similar cycle of often-ruinous winters.

Like a number of other medium to large farmers, Jose Lico was given his land back, badly decapitalised, four years ago after it had bean seized in the 1975 revolution and allowed to run down by Communist-led workers. It has cost him unmeasurable amounts of time, and a small fortune, to get his farm back into shape and it will be some years before everything is restored.

But like others dead-set on making a living from farming, he and his peers have less to fear from accession to the EEC than have the hundreds of thousands of farmers with small, even tiny, holdings. These small farmers have long resisted efforts to make them take down dividers and join their little plots with those of relatives, to grow marketable crops.

Often illiterate and elderly, most of Portugal's small farmers will have troubla adapting to the sophistication of the Common Agricultural Policy. The country's greatest hope probably lies with younger men and women not yet tied to creaking methods who consider farming as a full-time, potentially profitable, way of life rather than something done resignedly because the family always did it.

The figures tell the tale. In 1983, agriculture which occuplea over 25 per cent of the active population — one of the highest rates in Europe — represented only 8.4 per cent of the Gross Domestic Product, one of Europe's lowest ratios.

In 1983 Portugal, with a planted area of 331,000 H. A., grew 327,000 tonnes of wheat — Europe's lowest yield. In 1984 matters improved: 280,000 H. A. produced 470,000 tonnes of wheat but this still lagged far behind the rest of Europe, and the crop satisfied 45 per cent of national demand. With a planted area of 319,000 H. A. in 1984, 483,000 tonnes of corn were grown — only 20 per cent of national damand.

In 1983, when total imports were $8.7bn, Portugal spent $1.45bn on agricultural imports from the US. The major items largely for animal feed were corn $335m, and soyabeans $178m. Wheat imports from the US — 55 per cent of national demand — cost $92.5m. Imports of sunflower and other oilseeds represented 95 per cent of national demand.

With Portugal's accession to tha EEC, the US has to forfeit one of its largest, steadiest customers for agricultural exports, and Portugal must switch to European grain—more expensive than American—starting this year with about a quarter of grain imports now available to European growers.

Ideally, rapidly-increased domestic production of basic commodities would be part of a solution to the money Portugal must spend on agricultural imports. But the quality of the nation's soil is uneven and even optimum use of the best soil under perfect weather conditions—a utopia unlikely to ever be attained—could never, according to most experts, produce more than 50 per cent, if that, of basic grain needs.

The alternative is to vastly improve productivity and the quality of other types of produce, including those with export potential to offset a perpetual need for imports.

Such improvements are the hub of the Ecu 700m EEC programme to modernise Portuguese agriculture over a 10-year period, accompanied by slow transition towards the full brunt of Common Agricultural Policy, import and export rules and price structures that, in the case of the least efficient Portuguese products, will itself take up to a decade.

More than 200 projects have been submitted for financing under the Community agricultural fund Feoga. The goal of all this money and effort is better living standards for Portuguese farmers and reliable supplies of better quality for the consumer at more realistic prices (fruit and vegetables, meat and dairy products are expensive and out of all proportion to low Portuguese wages).

Both producers and consumers hope these changes will result too in the disappearance of manipulative middlemen who have hoarded and withheld produce to force up prices. All this is a tall order and may take more than the 10-year transition period to achieve. But without the fillip of EEC membership Portugal's farming might have remained stuck in the doldrums for ever.

Market in Albufiera in the Algarve. The Algarve continues to be a magnet for retired Britons

The old guard is fading away

The British in Portugal

CHARLES HODGSON

IT COULD have been an English summer's afternoon at the village cricket club—the distant knock of leather on willow, a couple of chaps strolling across the manicured lawn to the nets, the tinkle of ice in a long drink. An elderly person is snoozing in a club-house armchair.

But then the attraction of the Oporto Cricket and Lawn Tennis Club to its members is precisely this comfort of things familiar in a foreign land.

Founded in 1855 as a sports, residential and business club, the "English Club"—with its bar, restaurant, lounge, cricket pitch and tennis and squash courts—is the focal point for the British community in Oporto, the oldest establishad British presence in Portugal.

About 10,000 Britons currently living in Portugal, the largest European community after the Spanish. About 1,000 of them live in and around Oporto, 4,000 in and around Lisbon, and 5,000 in the Algarve. (There are also about 500 British residents in Madeira and the Azores.)

They fall into four main categories: First, there is the "old guard"—families that have been in tha country for four, five or more generations. They are centred on port, shipping and commerce in Oporto and Lisbon, and include such names as Delaforce, Graham, Symington, Stilwell, Dawson, Rawes, Reynolds, and (in Madeira) Blandy.

Second, is the business community, mainly in insurance, banking, oil, and car manufacture in Lisbon and textiles and footwear in Oporto. These are mostly youngish people who come and go on three-to-four-year contracts. They are strongly supportive of British organisations and charities in the country, and form the backbone of the community.

Third, there are young people, in their early 20s, who come to teach at language schools or at British schools lika St Julian's in Lisbon; or who set up tourist bars in the Algarve or small businesses.

Finally, there are the retired Britons, concentrated mostly in the Algarve and around Lisbon, in Estoril, Cascais and Sintra.

The character of the British community has changed radically over the past 20 years, and nowhere is the change better illustrated than in Oporto, stronghold of the old guard, and in the club itself.

Membership covers the cross-section of British residents, to include club secretary Richard Delaforce, whose family has been in the forefront of the port wine trade for 152 years; and more recent arrivals like Micky Walsh, a professional footballer from Chorley, Lancashire, formerly with Everton and Queens Park Rangers, and for the past six years a striker with Portuguese club champions Oporto.

It is in Oporto, too, that the old-guard tradition is most strongly observed, and nowhere more than at the Factory House —the British Association of Port Wina Shippers. Built in 1790, as a place for factors and merchants to meet and do business, it is the last house of its kind in the world.

And at no time is tradition stronger than at the Wednesday lunch — to this day, usually men only. Until about three years ago, *The Times* of 100 years ago could be found laid alongside *The Times* of the day at the Factory House for the Wednesday lunchers.

The old guard is not dying out, though it is sort of fading away, with the younger generation no longer sure of a place in dwindling family businesses, moving on, usually back to England to pursue careers.

Their place is being taken, many times over, by new arrivals, a trend that EEC entry will encourage. The opening of the market and opportunities for further manufacturing and technical co-operation between British and Portuguese companies will see more businessmen arriving.

An increasing number of Britons are retiring early in their 40s and 50s, selling their businesses or taking redundancy and setting up in the Portuguese sun.

Mr Paulo Marques, a Lisbon lawyer, says he acts for between 25 and 30 Britons a year who set up in Portugal, and he is only one of eight or nine lawyers specialising in this sector.

With EEC entry making residence and work in Portugal a right for Community citizens after the seven-year transition period, numbers are bound to increase, as will the range of businesses being established, broadening to cover the liberal professions.

There are already two British dentists practising in the Algarve, though it took them two years to struggle through the bureaucratic tangles.

There are also two British pork butchers, who specialise in English cuts and make sausages and hamburgers; British golf and tennis professionals; small fruit farmers and horticulturists, and a gamut of other activities.

For the most part, the Portuguese welcome the British presence, or at least tolerate it with amicable indifference. They have lived with it for 600 years. Some are bemused by the Englishness of the English abroad; some are critical of the failure, of old-guard families in particular, to integrate, to intermarry and even to speak the language.

Richard Delaforce accepts that this criticism may have been justified, even until very recently. But he insists that it no longer holds, and points to a growing number of Anglo-Portuguese marriages in the present young generation and the facility of the young with the language.

The attractions for the Briton, or other foreigners living in Portugal are obvious, especially on a foreign currency salary. Leaning back contentedly in his chair, Micky Walsh sums it up: "It's an ideal situation. You've got home-from-home comforts and this . . . This is what it's all about."

Following his sweeping gesture past the pool, across the southernmost grass wicket in Europe, to the sun high over the boundary trees, who could argue?

EEC entry brightens hopes for UK exports

Trade

CHARLES HODGSON

BRITAIN has traditionally been Portugal's major trading partner, although it has been taking a declining sbare of the Portuguese import market in recent years.

A further strong boost in Portuguese exports to Britain last year ensured a healthy trade surplus of £256m in Lisbon's favour.

This was the third surplus in succession for Portugal, following a record £259m in 1984, and £79m in 1983: and it reflects a robust drive that has seen the value of exports to the UK rise from £380m in 1982 to £696m last year.

UK exports to Portugal rose 14 per cent to £440m in 1985, ending three successive years of decline. The share of the Portuguese market that this represents is still falling, however.

From a customary position as Portugal's largest, or second largest, supplier throughout the 1960s and 1970s, Britain saw its market share slip from 10.2 per cent in 1978, to 6.8 per cent in 1984.

Britain now ranks fourth behind the US (with about 14 per cent of the market), France (with 12.4 per cent) and West Germany (with 10 per ceot).

Despite being a small and poor country by European standards, with a population of 10.1m and annual per capita gross domestic product of about $1,900, Portugal represents an important market for Britisb goods.

The main UK exports to Portugal have traditionally been petroleum products, road vehicles, gas, office machinery and automatic data processing equipment. In return, the UK imports textiles (taking 50 per cent of total Portuguese exports to the EEC), pulp and wastepaper, wood and cork, footwear and, of course, wines.

The reversal of the decline in British exports owes much to Portugal's entry into the EEC. The opening of the Portuguese market and the access of the country to finance from the Community's agricultural and regional development funds (estimated to be worth up to Ecu 1bn between 1986 and 1991) offer Britain the prospect of widening the range of goods and services it exports.

The British Overseas Trade Board has singled out a number of potential areas for expansion. Exports of dairy cattle and seed potatoes (50 per cent of UK exports go to Portugal) and other agricultural inputs, including food processing and production equipment, are one such area.

There is also considerable Portuguese interest in British experience and expertise in the information technology sector: in computers and microcomputers for home, education and business, and in communications developments, such as the use of viewdata and teletext, the BOTB says.

Similarly, energy-saving and energy-management techniques are increasingly in demand; and, despite financing problems, the BOTB says, the potential for British exports in this sector is also good.

Looking to the longer term, the BOTB singles out opportunities for sales of British equipment to the Portuguese shipbuilding and mining industries. Portugal plans to renew its 58-strong merchant fleet over the next ten to 15 years and, although most of the vessels will be built in local yards, up to 50 per cent of the steel and equipment will be imported.

There are also plans to exploit the rich copper deposits in the Alentejo region, in the south of the country, offering the prospect for sales of British mining equipment.

The Portuguese Government is aiming at a growth rate of about 4 per cent this year, a target made more realisable by the sharp drop in oil prices and the downward trend in international interest rates. Inflation is also forecast to fall to an annual rate of about 12 per ceot.

The Government's expansionary policies, which involve boosting investment by 10 per cent this year, should provide the stimulus for renewed export opportunities in sectors like capital goods and equipment, raw materials, chemicals and commercial vehicle components, which have been depressed during the past three years of recession aod austerity.

British companies will also be able to compete for their share in EEC-backed infrastructure projects to improve roads and sanitation, which, under Community rules, must be open to tender from European companies.

The Government bas made modernisation of the country's hospitals and scbools another priority area for foreign investment.

Recent UK involvement in major contract include British Steel, which won a £1.9m order for rails from the Portuguese railways: CP, and which hopes for a further order worth £2.2m; Plessey, which is in the bidding for a £50m automated digital switching project: and Wimpey, which is interested in a possible nuclear power plant project.

The benefits of improved economic conditions in Portugal and the gradual opening of the market to EEC and third country imports will, of course, increase the competition for market share from Britain's European partners, which have increasingly established manufacturing and technical agreements with Portuguese companies since the 1974 revolution.

The broader balance of Portuguese trade will gradually shift further in favour of the EEC and other Western European countries, at the expense particularly of the US as the seven-year transition period on full EEC membership expires.

In 1984, 57.6 per cent of Portugal's exports went to EEC countries, with the UK taking 15.4 per cent, West Germany 13.7 per cent and France 12.6 per cent. Exports to the US were 8.8 per cent of the total.

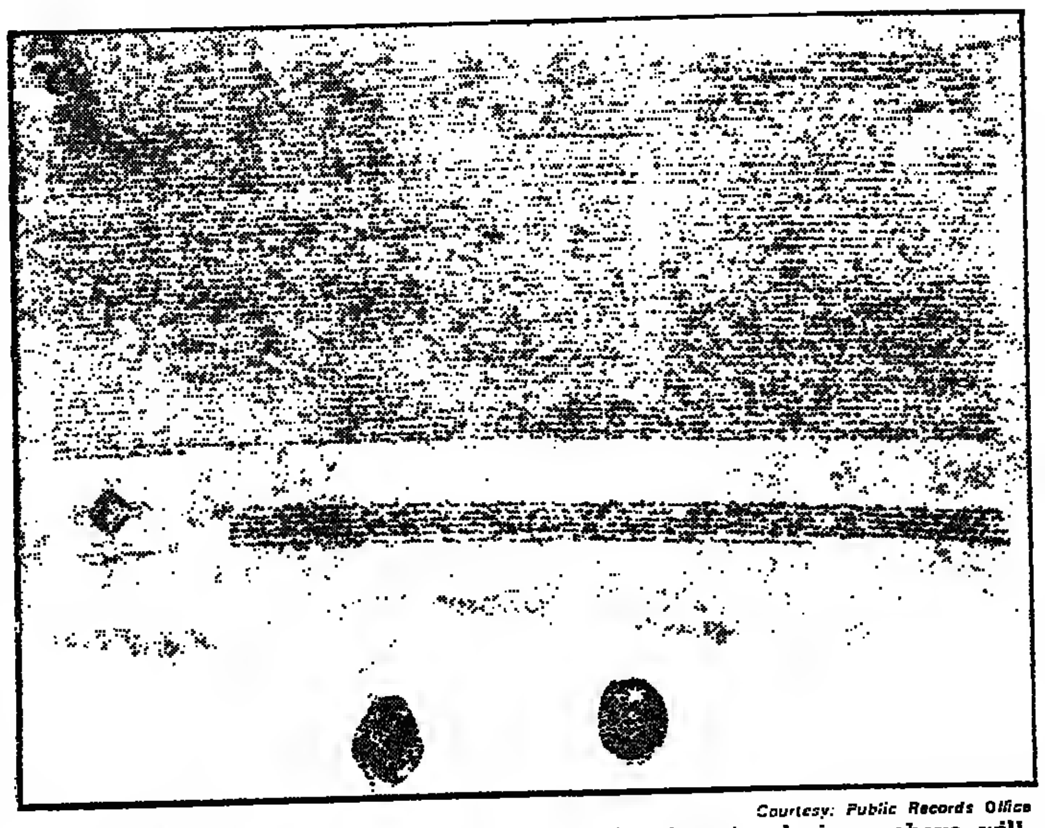
On the import side, nearly 36 per cent came from EEC countries, compared with 13.6 per cent from the US.

The big uoknown in Portugal's future trade is the relationship with its powerful neighbour Spain, which also joined the EEC this year.

Ancient enemies, who have lived self-consciously back to back for years, the Iberian countries are turning — a little gingerly in Portugal's case — to face one another.

Portugal's hopes of being the mouse that roared in this new relationship are tempered by knowledge that the Spanish market will remain during its seven-year transition period largely behind the high protective barriers built up during the 1960s and 1970s. The two countries will also be competing for broadly similar export sectors, particularly textiles, footwear, and fruit and vegetables where Spanish industry has the edge.

Portuguese industrialists may be right to dismiss talk of their being swamped at home by Spanish competition, if only on price grounds, but Spain, which already takes about 7 per cent of the Portuguese import market, seems sure to increase its shares at the expense of its new EEC partners.



Courtesy: Public Records Office

The original Treaty of Alliance between England and Portugal, shown above, will be on show in Windsor where a Thanksgiving Service will be attend by the Queen and Mr Anibal Cavaco Silva, the Portuguese Prime Minister, on May 12, to mark the 600th anniversary of the Treaty

Anglo-Portuguese trade

	1982 £m	1983 £m	1984 £m	1985 £m
UK exports (fob)	429	397	386	440
UK imports (cif)	380	476	645	696
Visible trade balance	+49	−79	−259	−256

Source: Overseas Trade Statistics of the UK.

A time to build bridges

Relations with Spain and EEC

DAVID WHITE

ON THE most southerly border crossing between Spain and Portugal, a car ferry chugs diagonally downstream across the Guadiana river from Ayamonte on the Spanish side to Vila Real de Santo Antonio on the Portuguese side.

The odd thing about the ferry is that it is almost twice as expensive going to Portugal as coming back. The two sides have apparently not got together to update fares since a time when the escudo was worth much more than the peseta: it is now worth slightly less.

Here is ooe good illustration of inter-Iberian relations, characterised principally by their absence. But here too, on an estuary which has been a focus of fisbing disputes between the two countries, there is an illustration of the future between the two countries within the EEC. They are going to build a bridge.

Whether the Portuguese like it or not, they are going to be dealing a lot more with Spain. Through their simultaneous membership of the community and the special bilateral terms agreed between them, Spain sbould logically, over the years, become Portugal's main trading partner.

The 600-year-old British link testifies to the way Portugal has always sought to look away from Spain. Last year, it had aoother 600-year anniversary—its victory over the armies of Castile at Aljubarrota. This year, it is worrying about another British invasion.

Spain is the big unknown in Portugal's EEC equation. Trade tariffs between Portugal and the former EEC Ten were already mostly right down by the time Portugal joined. The big change is with its neighbour, as a result of the immediate dropping of almost all industrial tariffs between the two new member states.

In theory, the benefits should work both ways, with Spain takiog advantage of its proximity to steal shares of the Portuguese market from other EEC suppliers, and Portugal, with its low wages, finding openings in Spain. But the likelihood is that Spanish companies, stronger both technically and commercially, will come into Portugal earlier and more aggressively than Portuguese companies enter Spain.

Portugal managed to reduce the inbuilt imbalance in its trade with Spain last year, thanks to a clampdown on imports. Portuguese sales to Spain rose 11 per cent, against a 1 per cent rise in the other direction. But Spain still exported to Portugal well over twice what it imported, and the gap is now expected to widen again.

Despite friendship treaties and political developments which bave often run in parallel, Portugal and Spain have had little to do with each other. In 1984, Portugal sent only 4.4 per cent of exports to its neighbour, and bought only 7.2 per cent of its imports there. For Spain, the importance of Portugal is even smaller, with comparable figures of 2.4 per cent and 0.7 per cent respectively.

When they joined the EEC, in January, both were already selling the bulk of their exports in the Community. The difference that EEC entry makes in those markets will be less pronounced than the difference the introduction of free trade makes between them.

Spain and Portugal were to move towards a free-trade zone under the terms of the agreement Spain signed with EFTA—to which Portugal belonged—in 1979. In the interim, the two countries had special arrangements designed to protect Portugal and weighted in its favour. But the deal did nothing to help Portugal's bilateral deficit in Spain, and the Portuguese fear a similar disequilibrium now.

Under their EEC agreement, most of the conditions which the new members negotiated with the Community apply between them, but special arrangements are made regarding customs, agriculture and fishing.

A tariff-free zone for industrial goods, with a few exceptions and safeguards in both directions, takes immediate effect. This means taking a short-cut with respect to the transition arrangements affecting industrial trade between Spain and the rest of the Community. Portuguese exports have the same basic conditions in Spain as they do in other EEC countries, and Portugal gives the same basic conditions to Spanish exports that it gives to exports from the rest of the EEC.

In agriculture, each country applies to the other the terms it agreed with the EEC. But Spain is protected against some Portuguese imports such as tomato paste. A compromise is drawn up for their long-running row in fisheries, with Spanish fishermen giving up rights they secured in a 1969 treaty to fish in the zone between six and 12 miles off the Portuguese coast, but gaining concessions in the zone between 12 and 200 miles, the treaty which was denounced by Portugal in 1984.

However, despite the protracted negotiations that went into the pact, friction is already emerging. The Portuguese, who know about non-tariff trade barriers, because they were accustomed to using them as a defence against Spain, complain that the Spanish are now resorting to them. A famous case in point is Portuguese cutlery, stopped from going into Spain because of norms on the spacing between the prongs of forks.

Another argument remains unsolved, over the percentage of raw materials from other EEC countries that can be incorporated into Portuguese goods for Spain to accept the final product as being of Portuguese origin and therefore entitled to free access. (Madrid is worried about EEC textile companies using Portugal as a back door into the Spanish market during the transition period.)

In many fields, the two countries are direct rivals. In Portugal's major export sectors of textiles, clothes and shoes, where it is most competitive, Spain is also a big exporter. Construction companies from Spain and Portugal compete in the same African markets.

Clearly, advantages do exist for Portugal in its approximation with its neighbour—the possibility of developing new markets in Spain, spill-overs from major multinational investments in Spain, openings for component supplies to Spanish factories. But all this requires something of a psychological leap for the Portuguese. Resistance to all things Spanish still runs deep.

An example is provided by the manager of a US bank in Spain. The bank, through its Spanish branch, also does business in Portugal, managing loans in collaboration with Portuguese banks. "The curious thing is that we can't have a Spaniard doing this. We have a Frenchman covering Portugal, and that works OK."

CURRENCIES and MONEY

FOREIGN EXCHANGES

Dollar remains weak

The dollar was weaker in currency markets yesterday. Its fall against the D-mark was limited however as dealers were afraid of possible intervention by the Bundesbank, following recent comments suggesting that the West German authorities were reluctant to see the dollar decline much more against the D-mark. Turnover was light in the dollar/D-mark, and there was no evidence of intervention by the German central bank on the open market. The Bundesbank did not intervene at the Frankfurt fixing, when the dollar fell to DM 2.1805 from DM 2.2057.

However comments by US officials stressing the US authorities desire to see a lower dollar appeared to be the dominant factor and while the market was a little wary of intervention by the Japanese and West German central banks, there was a general consensus that the dollar would remain weak unless the US authorities decided otherwise. The dollar fell to a record trading low of Y161.65 against the yen before closing at Y162.30 down from Y163.55. It was little changed against the D-mark at DM 2.1785 from DM 2.1790 but slipped to SFr 1.8085 from SFr 1.8135 and FFr 6.9375 compared with FFr 6.9340. On Bank of England figures, the dollar's exchange rate index fell from 112.9 to 112.8.

Sterling showed little overall change in quiet pre-weekend trading. The pound has tended to follow the fortunes of the dollar just recently in the absence of any other external factors. Consequently it has tended to lose out against its major European trading partners as the dollar tends to weaken. The pound fell to DM 3.3575 from DM 3.3600 and SFr 2.7675 from SFr 2.7975. Against the yen it fell to Y250.0 from Y252.25 and FFr 10.69 from 10.6925. The pound's exchange rate index closed at 75.6, little changed from the opening level of 75.7, but down from an early Thursday calculation of 76.2. Oil prices were fairly steady, and sterling recovered from a little early pressure caused by the poor showing of the Conservative Government in Thursday's local authority and Parliamentary by-elections.

£ IN NEW YORK

May 9	Close	Prev. close
£ Spot	$1.5375-1.5390	$1.5475-1.5480
1 month	0.50-0.48pm	0.52-0.49pm
3 months	1.37-1.35pm	1.39-1.34pm
12 months	3.90-3.80pm	3.84-3.74pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	May 9	Previous
8.30 am	75.7	76.3
9.00 am	75.6	76.3
10.00 am	75.7	76.3
11.00 am	75.8	76.4
Noon	75.7	76.3
1.00 pm	75.7	76.2
2.00 pm	75.6	76.3
3.00 pm	75.8	76.3
4.00 pm	75.6	76.2

POUND SPOT—FORWARD AGAINST POUND

May 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5325-1.5416	1.5405-1.5415	0.51-0.48c pm	3.85	1.41-1.37 pm	3.60
Canada	2.1182-2.1281	2.1235-2.1245	0.37-0.27c pm	1.80	0.94-0.80 pm	1.63
Nethlnd.	3.7625-3.7879	3.7725-3.7825	1¾-1½c pm	4.76	4½-4¼ pm	4.57
Belgium	68.26-68.65	68.45-68.55	18-12c pm	2.62	48-35 pm	2.54
Denmark	12.385-12.439	12.407-12.417	3⅛-2⅛ore pm	3.02	9½-8½	2.88
Ireland	1.0965-1.1025	1.1000-1.1010	par-0.10 dis	−0.54	0.20-par dis	−0.36
W. Ger.	3.34-3.36½	3.35½-3.36½	1¾-1½pf pm	6.25	5-4½ pm	5.79

Belgian rate is for convertible franc. Financial franc 68.90-69.00. Six-month forward dollar 2.40-2.35c pm, 12-month 3.20-3.80c pm.

OTHER CURRENCIES

DOLLAR SPOT—FORWARD AGAINST DOLLAR

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 44.70-44.80.

CURRENCY RATES

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 7¼-7⅜ per cent; three years 7½-7⅝ per cent; four years 7⅝-8 per cent; five years 8⅛-8¼ per cent nominal. Short-term rates are call for U.S. Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

May 9	Bank of England Index	Morgan Guaranty Changes %
Austrian schilling	126.4	+7.1
Belgian franc	95.6	−7.1
Danish Krone	86.1	−1.3
Deutsche mark	135.3	−14.8
Swiss franc	158.2	+16.3
Guilder	123.3	+9.3
French franc	69.4	−13.2
Lira	46.4	−17.8
Yen	808.0	+63.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Yen per 1,000; French Fr per 10; Lira per 1,000; Belg Fr per 100.

MONEY MARKETS

UK rates little changed

There was very little incentive to push UK interest rates outside their recent range in the London money market yesterday. Consequently interbank rates showed very little overall change. UK money supply figures had been disappointing although this had been discounted for some time before while the US dollar emerged from the latest economic summit with leading nations failing to agree on where the overall value of the dollar should lie.

Consequently UK rates had very little reason to depart from this week's relatively narrow trading range. Three-month interbank money finished unchanged at 10⅛-10¼ per cent while the weekend rate eased from an early level of 10½ per cent to finish at 2 per cent.

The Bank of England forecast a shortage of around £800m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £378m, a rise in the note circulation of £245m and bank balances £175m below target. Exchequer transactions were flat. The Bank gave assistance in the morning of £583m, having revised the forecast to a shortage of around £900m. The morning help comprised outright purchases of £413m of eligible bank bills in band 2 at 10⅛ per cent, £135m in band 3 at 10½ per cent and £35m in band 4 at 10⅛ per cent.

The forecast was revised to a shortage of around £950m before taking into account the early help and the Bank gave additional assistance in the afternoon of £374m through outright purchases of £25m of local authority bills and £214m of eligible bank bills in band 2 at 10⅛ per cent. In band 3 it bought £135m of eligible bank bills at 10½ per cent. Total help came to £957m.

The average rate of discount at the weekly Treasury bill tender rose by 0.0596 per cent to 9.9779 per cent. The £100m of bills on offer attracted bids of £476m and all bills offered were allotted. The minimum accepted bid was £97.51, met as to about 89 per cent and above in full. Next week a further £100 of bills will be on offer, replacing a similar amount of maturities.

UK clearing bank base lending rate 10½ per cent since April 21

FT LONDON INTERBANK FIXING

(11.00 a.m. May 9) Three months US dollars		Six months US dollars	
bid 6¾	Offer 6⅞	bid 6 11/16	Offer 6 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

May 9	Over-night	One Month	Two Months	Three Months	Six Months	Lombard Interv'n
Frankfurt	4.30-4.40	4.50-4.65	4.45-4.60	4.45-4.60	4.45-4.60	5.5
Paris	7⅛	7 1/16-7 3/16	7 1/16-7 3/16	7⅛-7¼	7 1/16-7 3/16	7⅛
Zurich	⅞-1⅛	4-4⅛	—	4 4⅛	—	—
Amsterdam	6⅛-6⅜	5⅞ 6	—	5 5/16-5 7/16	5 5/16-5 7/16	—
Tokyo	4.28125	4.53125	—	4.65625	—	—
Milan	13-13⅜	12¾-13⅛	—	12⅛-12⅞	—	—
Brussels	6.50	8 8⅛	—	7¾-8⅛	—	—
Dublin	9⅛-9¾	10¾-11	10⅝-10⅝	10¼-10½	9⅜-9⅞	—

LONDON MONEY RATES

May 9	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	2-10¾	10¼-10¾	10 7/16-10⅝	10⅛-10¼	9 15/16-10 1/16	9⅝-9¾
Sterling CDs	—	—	10 7/16-10 5/16	10¼-10⅛	9 15/16-9 13/16	9 11/16-9 13/16
Local Authority Depos	10⅛-10½	10 7/16-10⅜	10⅜	10⅜	9 15/16	9⅝
Local Authority Bonds	—	—	10⅜	10⅜	10 1/16	10
Discount Mkt Depos	5-10⅝	10½	10⅜	10	—	—
Company Depos	10⅜-10¾	10½-10⅞	10⅞	10⅞	—	—
Finance House Depos	—	—	10 7/16	10½	10	9⅜
Treasury Bills (Buy)	—	—	10 7/16	10 7/16	—	—
Bank Bills (Buy)	—	—	10 7/16	10 7/16	9 ⅞	—
Fine Trade Bills (Buy)	—	—	10 7/16	10 11/32	10 1/16	—
Dollar CDs	—	—	6.70-6.76	6.65-6.70	6.60 6.65	6.70-6.76
SDR Linked Depos	—	—	6 7/16-6 9/16	6⅜-6⅝	6¼-6⅛	6¼-6½
ECU Depos	—	—	7 5/16-7 7/16	7⅛-7⅝	7 5/16-7 7/16	7 5/16 7 7/16

Treasury Bills (sell): one-month 10 7/32 per cent; three-month 9 29/32 per cent. Bank Bills (sell): one-month 10 7/32 per cent; three-months 10 1/32 per cent. Treasury Bills: Average tender rate of discount 9.9779 per cent. ECGD Fixed Finance Scheme IV reference date April 2 to May 6 (inclusive) 10.527 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from May 1 1986. Bank Deposit Rate for sums at seven days' notice 5½-6 per cent. Certificates of Tax Deposits (Series 6): Deposit £100,000 and over held under one month 10¼ per cent; one-three months 10½ per cent; three-six months 10 per cent; six-nine months 9¾ per cent; nine-12 months 9½ per cent. Under £100,000 9½ per cent from April 29. Deposits held under Series 5 9½ per cent. Deposits withdrawn for cash 6 per cent.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Investors abandon coffee market

BY STEFAN WAGSTYL

THE PANIC in the coffee market has quickly become a distant memory. Prices, which hit a peak of more than £3,000 a tonne for the second position in the London futures market in early January, fell by £126 this week to £2,137.50 — the lowest since early last December.

The price fall was triggered by reports early in the week that Columbia, the second largest exporter after Brazil, was planning to drop its minimum export price. It made no announcement but the rumours were enough to remove what little confidence there was left in the market.

The truth is that investors have abandoned the coffee market almost as quickly as they rushed into it four months ago, on reports that drought in Brazil would severely damage the 1986-87 crop. The crop is still expected to be small—the latest estimates put it at only 14m bags. But the effect on supplies is far from being as serious as was feared because Brazil has ample stocks following a 32.6m bag crop last year.

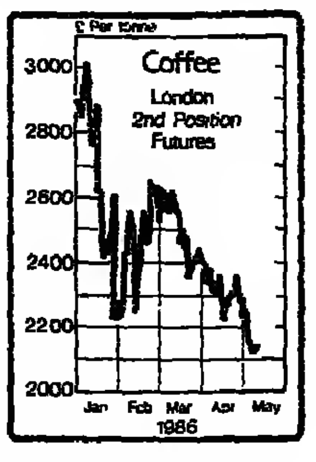
Shipments of coffee in the first six months of the current coffee year, which began in September, were at a record high. As a result consumers have no reason to fear any shortages. One trader said yesterday: "There's plenty of coffee all the way down the distribution pipeline."

This does not mean that interest in the market has entirely evaporated. Traders are concerned to find out how the 1987-88 crop will be affected by the drought. First impressions are that it has not — a report from trader E.D. & F. Man this week suggested that the trees were in excellent condition and estimated a potential crop of 22m to 25m bags.

However, having survived the drought, this crop must endure the Brazilian winter before it is collected. The earliest recorded frosts began on May 31 but they are much more likely to strike in July.

Meanwhile, the US agricultural markets are still trying to come to terms with possible impact of the Chernobyl nuclear accident. The liveliest day was Thursday when US grain prices raced ahead on expectations that the Soviet Union might have to import grain.

The buyers were driven by reports that the Soviet Union had approached the European Community about possible grain purchases and by news that the EEC was planning to ban food imports from east Europe. In Chicago, the wheat, corn, live hog and pork belly markets all went "limit up"—registering the maximum permissible gain—before falling back later on Thursday. Yesterday, the agricultural markets were still uncertain as ever about what the possible effects of the disaster on crops might eventually be.



One Chicago trader said the markets were reacting to rumour: "We don't know the whole story . . . we have no precedent by which to measure damage. . . But as a trader whatever you do you can't be short."

In London, July wheat finished the week £2.25 higher at £119 a tonne. The London daily sugar price closed at $209 a tonne for June/July delivery—up $7.

The metal markets were left largely untouched by the fall out from Chernobyl. There are fears that gold prices might decline because the Soviet Union might be forced to sell gold and platinum to make up for lost exports of oil and gas which may have to be diverted for domestic consumption.

Samuel Montagu, the bank and bullion dealer, estimated in a report that Soviet gold sales had increased sharply last year to 225 tonnes from 120 tonnes in 1984. Nevertheless, gold and platinum recovered losses made when news of the disaster first broke last week and ended this week higher with gold $2 an ounce up at $345.25 and platinum $12.50 up at $421.75 an ounce.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
Coffee Futures July	£2137.5	−26.0	£2165.5	£3,007.5	£2,222.5
Cotton Outlook A Index	45.95c	−0.53		55.25c	45.95c
Gas Oil Fut. June	$137.75	−1.5	$215	$238.75	$110.25
Jute LJA BWC grade	$315	−5	$945	$320	$290
Rubber kilo	53.5p	−1	86p	64.25p	54.5p
Sisal No. 3L	$616		$646	$616	$596
Sugar (Raw)	$.800.0x	+1.5	$84	$222.6	$116
Tea (quality) kilo	190p			202p	175p
(low medi kilo	97p	−8	115p	118p	86p
Woollops 64s Super	419p kilo	—	473p Kilo	428p kilo	307 kilo

† Unquoted. (g) Madagascar. (v) May-June. (z) June. (w) July. (x) June-July.

INDICES

REUTERS

May 9	May 8	M'th ago	Year ago
1790.4	1776.4	1822.6	1685.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	May 8	May 7	Month ago	Year ago
Spot	126.70	129.48	—	116.90
Fut.	124.76	124.29	—	131.77

(Base: December 31 1931=100)

ALUMINIUM

Official closing (am): Cash 778.5-9.5 (757-8), three months 762.5-3 (744.5), settlement 778.5 (758). Final Kerb close: 756-7. Turnover: 24,250 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	777-9	+27.5	779/775
3 months	762-3	+23	765/733

COPPER

Official closing (am): Cash 932-3 (928-9), three months 938.5-2 (931.5-2.5), settlement 933 (929). Final Kerb close: 945-6.

Higher grade	Unofficial close	+ or −	High/low
Cash	937.5-8.5	+11.25	946/931
3 months*	945.5-6.5	+15.25	948/938

* Grade "A"

Official closing (am): Cash 215-6 (916-7), three months 929-30 (917-8), settlement 916 (917). Turnover: 50,575 tonnes. US Producer prices 65.5/71 cents per lb.

Cathodes			
Cash	928-30	+17	918/918
3 months*	935-7	+15	928/927

LEAD

Official closing (am): Cash 241.5-2 (229-9.5), three months 250.5-1 (245.5-5.5), settlement 242 (229.5). Final Kerb close: 246-7. Turnover: 12,600 tonnes. US spot: 19/20 cents per lb.

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	240-0.5	−1	243/232.5
3 months	246-8.5	+0.5	250.5/244.5

TIN

Kuala Lumpur Tin Market: Close 14.09 (14.20) ringgit per kg. Down 0.11 ringgit per kg.

NICKEL

Official closing (am): Cash 2,640-50 (2,630-40), three months 2,700-1 (2,680-5), settlement 2,650 (2,640). Final Kerb close: 2,680-90. Turnover: 1,544 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	2630-40	−32.5	—
3 months	2888-780	+36.5	2728/2630

ZINC

Official closing (am): Cash 452-3 (452.5-3), three months 462-3 (462.5-3), settlement 453 (453). Final Kerb close: 461-2. Turnover: 8,050 tonnes. US Prime Western: 35.5-35.75 cents per lb.

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	450-3	−1	—
3 months	461-2	−0.6	466/461

GOLD

Gold rose $2 an ounce from Thursday's close in the London bullion market yesterday to finish at $345-345½. The metal opened at $344-344½ and traded between a high of $346¼-346¾ and a low of $343½-344. A slightly weaker dollar and some short covering led to a small increase in the value of gold in otherwise very quiet trading.

GOLD BULLION (fine ounce) May 8

Close	$345-345½	(£224-224½)
Opening	$344-344½	(£223¾-224¼)
M'n'g fix	$344.25	(£223.423)
Aft'n'n fix	$345.55	(£224.137)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$344¼-540¼	(£223½-827)
½ Krug.	$181¼-183¼	(£118-119)
¼ Krug.	$92¼-95¼	(£59¾-60¼)
1/10 Krug.	$37½-38½	(£24¼-24¾)
Mapleleaf	$353½-356¼	(£229½-231½)
Angel	$334½-356½	(£230¼-231½)
1/10 Angel	$34½-30½	(£29½-25½)
New Sov.	$80¾-84	(£52½-54½)
Old Sov.	$82¼-87	(£53½-56½)
$20 Eagle	$430-470	(£270½-305½)
NoblePlat	$429¼-434	(£279¼-282¼)

SILVER

Silver was fixed 1.25p an ounce higher for spot delivery in the London bullion market yesterday at 338.35p. US cent equivalents of the fixing levels were: spot 521.3c, down 1.8c; three-month 529.35c, down 1.9c; six-month 537.75c, down 1.55c; and 12-month 555.75c, down 0.95c. The metal opened at 338¾-340½p (521-523c) and closed at 338¾-339¾p (521-523c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	338.35p	+1.25	336.5p	—
3 months	346.60p	+1.55	344.5p	—
6 months	354.35p	+1.50	—	—
12 months	369.20p	+2.10	—	—

LME—Turnover 10 (3) lots of 10,000 oz.

Three month high 345, low 343 final kerb 343-7p.

SOYABEAN MEAL

	Latest close £ per tonne	+ or −	Business Done
June	129.5-127.5	+0.00	
August	123.6-123.2	+0.40	123.6-123.0
October	124.5-125.0	+0.65	124.8-124.0
Dec.	127.0-127.1	+1.20	127.0-126.0
Feb.	129.0-129.6	−1.55	—
Apr.	130.0-130.9	+1.95	130.0
June	129.0-130.0	−0.75	—

Sales: 927 (164) lots of 20 tonnes.

GRAINS

Business done—Wheat: May 118.80-8.50, July 112.75-2.00, Sept 99.85 only, Nov 102.70-2.45, Jan 105.70-5.50, March 108.40-8.20. Sales: 131 lots of 100 tonnes. Barley: May 115.25-5.00, Sept 98.60-8.40, Nov 101.80-1.60, Jan 105.00-4.75, March 107.45-7.50. Sales: 99 lots of 100 tonnes.

Mnth	WHEAT Yesterday close	+ or −	BARLEY Yesterday close	+ or −
May	118.56	−0.25	115.25	+0.50
July	119.00	−0.75	—	—
Sept	99.96	+0.30	98.50	+0.35
Nov	102.55	+0.20	101.66	−0.25
Jan	105.66	+0.25	104.75	+0.20
Mar	108.36	+0.30	107.36	+0.35

LONDON GRAINS—Wheat: US dark northern spring No 1 13 per cent June 123.00, July 122.50 transhipment east coast. US No 2 soft red winter July 98.75. EC first half May 137.75. English feed fob May 122.50, June 124.00, Sept 101.50, Oct/Dec 106.00, Jan/Mar 111.00, April/June 118.00 seller. Maize: US No 3 yellow/French transhipment east coast May 143.00. Barley: English feed fob May 119.00, June 120.00, July/Aug 100.50, Aug 100.50, Oct/Dec 105.00, Jan/Mar 110.00 sellers. Rest unquoted.

HGCA—Herewith today's locational ex-farm spot prices: Feed Wheat: Eastern 117.60, E. Mids 117.60, N. East 117.90. Feed barley: Eastern 115.30, E Mids 113.90, N East 114.00. The UK monetary coefficient for the week beginning Monday May 12 (based on the HGCA calculations using 3 days' exchange rates) is expected to be unchanged.

COFFEE

COFFEE	Yesterday Close	+ or −	Business Done
May	2080-2090	+16.5	2098-2040
July	2136-2169	+11.0	2160-2080
Sept	2182-2185	+16.0	2205-2150
Nov	2226-2230	+12.0	2242-2185
Jan	2235-2270	+10.0	2280-2208
Mar.	2260-2285	−2.5	2300-2231
May	2286-2358	+9.00	2340-2241

Sales: 4,627 (2,751) lots of 5 tonnes. Ico indicator prices (US cents per pound) for May 9: Comp. daily 1979 184.53 (185.92): 15-day average 122.01 (192.32).

COCOA

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
May	1265-1268	+16.5	1290-1268
July	1274-1275	+3.5	1283-1258
Sept.	1287-1298	+4.6	1304-1290
Dec.	1332-1334	+4.6	1358-1332
March	1361-1362	+6.0	1368-1355
May	1379-1381	−6.0	1385-1375
July	1398-1399	+6.0	1398-1395

Sales: 2,239 (4,852) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for May 9: 85.86 (85.65). Five-day average for May 12: 86.08 (86.56).

POTATOES

Month	Yesterdays close	Previous close	Business done
	£ per tonne		
May	134.00	141.00	138.00-120.00
Nov	93.50	93.50	95.50-95.50
Feb	101.30	101.86	—
Apr	126.10	126.20	128.00-125.50
May	137.60	138.50	—

Sales: 1,419 (278) lots of 40 tonnes.

Earlies—July 108.0-2.0; Aug 80.0-2.5; Sept 77.5-5.0. Sales: 0 lots of 10 tonnes.

RUBBER

PHYSICALS—The London Market opened steadier, with little interest throughout the day. Closing quiet and slightly easier, reports Lewis and Peat. Closing prices (buyers) spot 55.5p (55.0p) June 53.5p (53.0p). July 53.25p (52.75p). The Kuala Lumpur fob price (Malaysian cents per kg) RSS No 1 was 199.0 (198.0) and SMR 20 180.0 (179.0).

FUTURES—Index 535, June 532-38, July-Sept 531-34, Oct-Dec 531-34, Jan-March 541-45, April-June 552-54, July-Sept 555-59. Sales: 10.

OIL

Trading was thin and largely confined to June and July Brent. June Brent opened at $14.20, opened about 15c by early afternoon but fell back to talk $14.10-14.20 by the close. NYMEX June WTI opened 19c down and traded on the downside all morning. In the petroleum products market naphtha firmed on US buying interest but other products were unchanged in thin trade as many European traders extended Thursday's holiday.

CRUDE OIL FUTURES—Brent Blend Index: 13.39, +0.21. Rest not available.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	—
Arab Heavy	—	—
Dubai	11.65-11.75*	−0.15
Brent Blend	14.45-14.50	+0.175
W.T.I. (1pm est)	15.50-15.60*	−0.16
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	190-92	—
Gas Oil	149-52	—
Heavy fuel oil	53-55	—
Naphtha	143-46	−1.5

* June

Petroleum Argus estimates

GAS OIL FUTURES

Month	Latest Close $ US per tonne	+ or −	Business Done
June	137.75	−6.25	140.75-37.00
July	136.25	−5.50	140.25-36.00
Aug	136.50	−5.50	140.25-36.25
Sep	136.50	−5.56	139.00-36.50
Oct	137.25	−5.00	140.00-37.25
Nov	140.00	−0.60	141.00-38.50

Turnover: 3,968 (4,311) lots of 100 tonnes.

SUGAR

PARIS—(FFr per tonne): Aug 1563/1569; Oct 1599/1609; Dec 1610/1626; March 1640/1651; May 1670/1700; Aug 1730/1750. Sales: 4.

LONDON DAILY PRICE—Raw sugar $209.00 (£135.50), up $7.00 (up £5.00) a tonne for June/July delivery. White sugar $225.00, up $7.50.

Sales: 2,675 (2,823) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £242.0 (£237.0) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for May 8: Daily price 8.33 (same); 15-day average 8.27 (8.25).

US MARKETS

PRECIOUS METALS enjoyed good support from a combination of weak dollar values, a buoyant oil market, and technically-based Commission House buying operations, although volume was reported as steady, reports Heinold Commodities. Only silver could not maintain the strength exhibited at the beginning of the session, ceding best values as traders remained wary of the market's questionable technical validity. Copper benefited from light trade buying interest in view of a technically sound close at the previous session to post modest gains above recent support levels. Crude oil approached the close barely changed, after another attempt to breach the next significant resistance levels met with profit-taking. Products remained firm but similarly failed to attract significant follow-through buying, but traders reported a mood of consolidation at the end of a generally positive week. Sugar closed near its highs, as a lacklustre session tended ultimately to support a bullish long-term outlook whilst choosing to find good consolidation. Cocoa weakened slightly, as main operators were sidelined awaiting fresh fundamental impulses in what remains a technically weak market.

NEW YORK

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
May	220.50	222.25	218.75	220.13
July	224.59	226.25	222.00	224.31
Sept	228.75	230.50	228.60	228.69
Dec	233.38	234.40	230.50	233.21
March	236.00	236.75	234.23	236.38
May	238.00	239.26	237.00	238.25
July	241.00	—	—	240.00
Sept	241.63	—	—	244.65

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	63.50	63.95	63.75	63.60
June	63.80	—	—	63.70
July	64.15	64.35	64.00	63.95
Sept	64.50	64.65	64.40	64.30
Dec	64.90	65.05	64.80	64.70
Jan	65.05	—	—	64.85
March	65.30	63.35	65.25	65.10
May	65.55	—	—	65.35
July	65.85	—	—	65.85
Sept	66.16	—	—	63.90

COTTON 25,000 lb, cents/lb

	Close	High	Low	Prev
July	67.39	67.40	66.75	67.30
Oct	38.35	38.40	37.75	38.55
Dec	38.37	38.43	37.90	38.50
March	39.59	39.60	39.00	39.50
May	40.40	39.25	39.95	40.25
July	41.13	41.35	40.75	41.03
Oct	41.80	—	—	41.55

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Close	High	Low	Prev
June	13.84	15.84	13.45	15.74
July	16.24	15.25	14.85	13.20
August	14.91	14.92	14.50	14.87
Sept	14.65	14.75	14.35	14.73
Oct	14.70	14.70	14.35	14.69
Nov	14.55	14.60	14.30	14.69
Dec	14.65	14.63	14.30	14.62
Jan	14.50	14.50	14.50	14.64
Feb	14.60	14.60	14.25	14.59
March	14.45	14.45	14.35	14.54

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
April	361.8	363.5	363.3	361.7
May	344.2	344.6	344.6	344.2
June	345.5	348.8	344.0	345.6
July	347.6	—	—	347.3
August	348.8	351.5	347.8	348.5
Oct	351.7	353.3	351.4	351.6
Dec	355.6	357.3	354.8	354.0
Feb	358.6	—	—	358.3
April	361.6	363.5	363.5	361.7
June	363.3	366.3	366.3	365.2
August	369.1	—	—	369.0
Oct	372.8	—	—	372.7
Dec	376.7	—	—	376.6
Feb	380.8	—	—	380.7

CHICAGO

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 98.71p per kg lw (+0.94), GB—Sheep 271.73p per kg est dcw (+10.74), GB—Pigs 77.36p per kg lw (+1.23).

Month	PIGMEAT Y'days close	+ or −	BEEF Y'days close	+ or −
May	—	—	—	—
June	101.00	−.50	191.50	−1.50
July	102.00	—	182.50	−3.50
Aug.	101.80	+.60	179.50	−2.00
Sep.	107.20	+.70	178.50	−1.00

Pigmeat sales: 1 (0) lots of 50 carcases, 3,250 kg.

Beef sales: 0 (0) lots of 20 sides.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
July	710/715	752/703	694/690
Oct.	795/797	841/790	772/789
Jan.	805/815	815/802	793/757
April	845/860	875/850	850/825
July	765/770	780/765	760/745
Oct.	900/950	—	850/790
Jan.	800/865	—	—/780
Apr.	900	—	—
BFI.	656.5		654.5

Turnover: 771 (424).

	Close	High/Low	Prev.
Tankers			
May	940/960	948	960/940
June	927/958	925	930/916
July	936/960	930	950/910
BTI	834.6	—	936.5

Turnover: 48 (44).

LONDON STOCK EXCHANGE

MARKET REPORT

Depressing week for equities ends with FT index down nearly 53 points at 1330.3

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr 28	May 8	May 9	May 19
May 12	May 29	May 30	June 9
June 2	June 12	June 13	June 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equities retreated for the fourth consecutive session yesterday and brought to a close a depressing shortened business week in London. This week's mood of uncertainty was aggravated by the Government's poor showing in both the Rysdale and West Derbyshire by-elections and Thursday's local elections.

Throughout the day the market was nervous and investors would not be drawn by Wall Street's recovery overnight. More to hope than on any positive factor dealers opened leading stock slightly higher. "New-time" buying inquiries for the three-week trading Account starting on Monday were again negligible and fairly soon professional traders began to discard stock.

Once again this had a knock-on effect and prices scurried lower across the board. Wall Street's resumed weakness—the Dow Jones index was soon 10 points down yesterday—exerted fresh downward pressures. However, after the official 3.30 pm London close small demand without penalty for the new trading Account lifted many *leading and situation* issues off the lowest levels.

The recovery continued in the late business and the FT Ordinary share index picked up from 1322.5 to close 6.6 easier on the session at 1330.3. Over the four-day period, the index was nearly 53 points lower in a market beset by fading interest rate optimism, fund-raising worries and the inconclusive outcome to the Tokyo economic summit meeting. The broader-based FT-SE 100 share *index dropped 51 points over the* same period to 1601.6.

A creditable performance by sterling against the dollar made scant impression on potential Gilt-edged investors. Overseas buyers appeared disinterested and with domestic operators mostly holding stock there was little by way of demand. The market thus took its guide from US bonds which moved lower in the aftermath of Thursday's final Treasury bill auction.

Scattered selling found Gilt-edged dealers unwilling to increase their book positions and in thin trading longer-dated stocks came back ⅜. The shorts gave up ¼ but index-linked continued in the opposite direction. Further hedge buying, some against election possibilities, took selected issue up ⅜ more.

Debt settlement hopes inspired fresh support for Chinese bonds. Since news that the Chinese authorities had agreed to talks on outstanding claims, several bonds have more than doubled; the 5 per cent 1925 Boxer closed 2 points better yesterday at £26 for a four-day rise of 16 points.

Brown Shipley rise

Merchant bank **Brown Shipley** provided an isolated firm feature in an otherwise drab banking sector, rising 45 to 645p, after 655p, following persistent speculative buying fuelled by talk of an imminent bid, possibly from Henry Ansbacher and Group Bruxelles Lambert SA which acquired a near-21 per cent stake in BS from Walter Duncan Goodricke last month. **Cater Allen**, on the other hand, plummeted to 545p initially before closing 25 lower on *balance* at 565p following details of the proposed £18.35m rights issue. Other Discount Houses reacted in sympathy. Gerrard and National gave up 10 at 353p as did Union at 750p.

Composites Insurances featured **Royal** which advanced 18 to 927p on buying ahead of next Thursday's third-quarter figures. **Commercial Union**, however, which report quarterly results a day earlier, softened a couple of pence at 319p. Life issues, dull throughout the week on fears of competition from building societies for personal pensions and, in the wake of Prudential's cash call, were steadier in quiet trading.

The three market newcomers were given a mixed reception. **Tip Top Drugstores**, oversubscribed some 65 times at the offer price of 160p, opened at 185p and settled at 180p. **Combined Lease Finance** started at *130p* and moved up to 135p compared with the offer price of 125p, but luggage manufacturer **Antler**, after opening around 5 above the offer price of 130p, drifted back on *lack of interest* to close at 125p.

Allied Lyons were outstanding in Breweries and rose 16 to 331p after comment on the preliminary results.

Leading Buildings continued to drift lower in the absence of support, but **Barratt Developments** proved an exception and gained 8 to 158p, after 160p, on vague rumours of a bid from **Tarmac**, 12 down at 450p. **George Wimpey**, where Grove Charity Management cut its stake to 35 per cent on Wednesday, eased 3 to 180p, while **Costain** gave up 8 more to 504p. **Redland** encountered fresh offerings and shed 7 to 408p and **RMC** lost 6 at 642p. Elsewhere, **Cement Roadstone** firmed 6 to 118p on Irish currency influences, but **Meyer International** lost that amount at 241p following scrappy selling. Profit-taking left **Wilson (Connolly)** 13 down at 194p, but **Countryside** gained 6 to 420p in the wake of a broker's visit earlier in the week.

Stores dull

Chemicals displayed irregular movements. **Wardle Storeys** improved 5 to 328p, as did **Anchor**, to 213p, while **British Benzol** touched 85p prior to closing a penny dearer at 83p. On the other hand, **Laporte** *slipped* 5 to 353p and **BTP** shed 6 for a two-day decline of 11 to 145p.

There was no respite for a depressed Stores sector which had to contend with a proposed £71.6m rights issue from **Harris Queensway** and disappointing annual figures from **Marks and** *Spencer* this week. Renewed selling in an unwilling market prompted fresh weakness in most retailers apart from Marks, which edged forward a couple of pence to 204p following comment on the figures. **HQ** fell 8 further making a fall of 44 on the week at 232p, while **Burton** shed 10 more at 286p. **Sears**, still reflecting adverse comment ahead of Tuesday's preliminary figures, eased to 112p before closing 3½ lower at 114p, while **Woolworth's** *strong resistance to Dixons' bid* left the former 15 off at 805p, after 790p; **Dixons** closed 6 easier at 324p. Elsewhere, **Coats Viyella** dropped 18 to 492p on reports of a line of shares overhanging the market and **Combined English** gave up 8 at 210p. **H. Samuel "A"** encountered end-Account profit-taking but retained a rise of 31 on the week at 118p, following the bid approach from **Ratners**, 2 cheaper at 154p.

Apart from **Thorn EMI**, which dipped 17 to 467p on a Press report suggesting that the company is considering closing down its troubled Inmos *subsidiary*, leading Electricals finished a drab week on a relatively steady note. Elsewhere, computer issues remained overshadowed by competition fears. **Acorn** gave up 4 more to 50p and **Apricot** closed a similar amount cheaper at 82p. Dealings were suspended in **CPS Computer** at 9p pending an announcement. Meanwhile, **D. J. Security Alarms** rose 10 to 131p on speculative demand, while **Sunleigh**, still reflecting *acquisition news, firmed* 1½ more to 36p.

Leading Engineers drifted lower mainly for the want of support, **Hawker** closing 11 down at 577p and **GKN** ending 8 cheaper at 320p. Once again, recent speculative favourites encountered selling. **Delta** fell 7 to 229p, while losses of around 10 were marked against **Simon**, 258p, and **T. Robinson**, 323p. Resisting the trend, **Richardson Westgarth** were the subject of bid talk and put on 5 *to* 47p, while favourable Press mention left **Jones and Shipman** 4 better at 116p.

Rowntree Mackintosh, a decidedly dull market earlier in the week on fading bid hopes, revived strongly on renewed speculative buying to close 12 higher at 510p; the warrants rose 25 points to £540. Other leading Foods gave further ground before steadying after hours. **Cadbury Schweppes** edged up a couple of pence to 173p, while **United Biscuits** improved a like amount to 243p on further consideration of the chairman's statement at the annual meeting. On the other hand, **S. and W. Berisford** continued to lose ground and closed 5 cheaper at 125p on fears that the bids from Hillsdown Holdings and Tate and Lyle could be referred to the Monopolies Commission. **Hillsdown** were dull at 283p, *down* 15, while **Tate and Lyle** settled a couple of pence off at 570p, after 565p.

Grand Metropolitan slipped to 398p at one stage before late support left the close 3 dearer on balance at 406p; the interim results are due next Thursday. **Ladbroke** again lacked support and shed 4 to 316p and **Trusthouse Forte** finished a similar amount down at 155p. Elsewhere, **Norfolk Capital Hotels** firmed 2 to 29½p in reply to the good results.

Rank Org. up again

Rank Organisation were again the subject of speculative demand and put on 18 more to 589p for a two-day gain of 41; recent activity has been accompanied by vague talk that Bond Corporation is building up a stake in the company. **Hestair**, reflecting the success of the rights issue, moved up 27 to 158p, but **British Aerospace** eased 15 to 540p on talk of a broker's downward revision in profits estimates for the company. Bid hopes lifted **Redfearn** 16 further to 226p, while **UDO Holdings** continued to make headway at 413p, up 23, ahead of Monday's full listing and two-for-one scrip issue. **Associated British Ports**, in contrast, met selling and fell 33 to 550p. Comment on the preliminary figures prompted further dullness in **European Ferries**, down 4 more at 139p, after 137p, but **Metal Closures** advanced 11 to 189p on a revival of bid speculation. **Williams Holdings**, at 660p, lost 15 the previous day's rise of 27 which followed the annual meeting and dividend forecast. Among leading miscellaneous industrials, **Boots**, unsettled initially by the announcement that the company is to give exclusive US rights for flurbiprofen, its antiarthritis drug, to Upjohn, fell away to 253p before settling only 2 cheaper on the day at 258p. *Beecham met with early selling* and touched 363p, but rallied well to finish 3 off on balance at 375p.

Expansion hopes continued to boost **WSL** which gained 12 more to 176p, a rise of 25 over the four-day period. **Aspinall Holdings** rose 14 to 169p on takeover hopes, while **Leisuretime International** found support at 103p, up 8.

Rumours that a broking house had downgraded its profits forecast for **Lucas** coincided with persistent and often heavy end-account selling of the company's shares which retreated 20 to 573p for a week's loss of 39. **AE** gave up 4 more to 142p *still* reflecting the disappointing interim results announced on Thursday.

Consultancy agents **Hogget Bowers**, a strong market throughout the week on rumours of an imminent bid from Blue Arrow, were suspended at 108p—20 up over the five-day period—prior to news that the company had received a bid approach. Elsewhere, **Brunning** and the *N/V* shares rose around 12 to the common level of 158p in response to speculative support, but **Good Relations** reflected fading takeover hopes with a fall *of 12 to 156p, after 148p.*

Leading Properties finished with small falls on balance. **Land Securities**, preliminary results due next Wednesday, settled a couple of pence off at 311p, after 310p, while **MEPC** ended a shade off at 335p, after 330p; the latter's interim results are due on May 28. Among *secondary* issues, Egerton Trust, formerly **Caparo Properties**, attracted fresh speculative support and gained 7 to 84p for a rise of 19 over the four-day period, while **Marler Estates** rose 10 to 325p following reports that the company had been granted planning *permission* for residential development of the Stamford Bridge site. **Country Gentlemen's Association** gained a point to £13¼ awaiting further developments in the battle for control of the company between Bestwood and Fredericks Place Holdings.

Among quietly dull Shippings, **P and O Deferred** *fell* 10 to 535p, as did **British and Commonwealth**, to 325p.

Oils move ahead

Aitken Hume improved 3 more for a two-day gain of 14 at 172p following the board's strong rejection of Tranwood's share exchange bid terms. **Barrie Investment and Finance** hardened a fraction to 13½p on the announcement that Atlanta Fund Managers had increased its stake in the company to nearly 30 per cent.

Early progress in the leading oils, triggered by renewed firmness in crude oil prices, was brought to a halt in mid-session but buyers returned towards the close and top quality issues generally settled at the day's best levels. **Shell** advanced 20 to 753p and **BP** moved up 13 to 563p ahead of their respective first quarter results which are scheduled for next Thursday. **BP** were additionally boosted by favourable Press comment. **Ultramar**, where Ron Brierley's IEP Securities has recently raised its stake in the company to 8.08 per cent, improved 3 to 188p; Ultramar's first quarter figures will be announced at the annual meeting on Wednesday. Other firm features included **Britoil**, 8 to the good at 183p, and **Tricentrol** which moved up 7 to 80p. Secondary issues, however, fared less well. **North Sea and General**, reporting preliminary results on Tuesday, eased 2 to 14p.

Tozer Kemsley lost 5 more to 200p, but retained a rise on the week of 14. Elsewhere in Overseas Traders, **Inchcape** gained ground in late trading and closed 5 firmer at 368p, while **Harrisons Crosfield** added a similar amount at 376p.

Interest in mining markets focussed sharply on the London-domiciled **Hampton Areas** where rumours of a stake-building exercise, as a prelude to a full-scale bid, boosted the shares 14 to 128p. **Rio Tinto-Zinc** also attracted good support and raced up 22 to 662p, while **Consolidated** *Gold Fields* edged up 3 to 463p.

Another quiet day in South African issues saw Golds a shade firmer on bear closing and light support fuelled by the further improvement in the bullion price. The latter gained ground for the third consecutive day to close $2 up at $345.25 an ounce.

Heavyweights showed rises of ¾ common to **Randfontein**, £48 and **Vaal Reefs**, £42¾ while cheaper priced stocks to move ahead included **Doornfontein**, 12 better at 637p. The Gold Mines index put on 1.8 more at 258.4 for a week's gains of 5.6.

De Beers continued to make progress in South African Financials and put on 3 more to 480p—a week's rise of 24—and associate "**Anamint**" advanced £6 to £52. **Gold Fields of South Africa** added 25 at 725p and "**Amcoal**," reporting preliminary figures on Tuesday, closed a like amount higher at 800p.

A sharp decline in overnight markets in Sydney and Melbourne caused widespread falls throughout Australians. **CRA** eased 4 to 294p while Golds were featured by **Gold Mines of Kalgoorlie**, down a further 7 at a 1986 low of 318p. **MIM Holdings** and **North Broken Hill** also retreated to their lowest levels this year closing a few pence off apiece at 106p and 85p respectively.

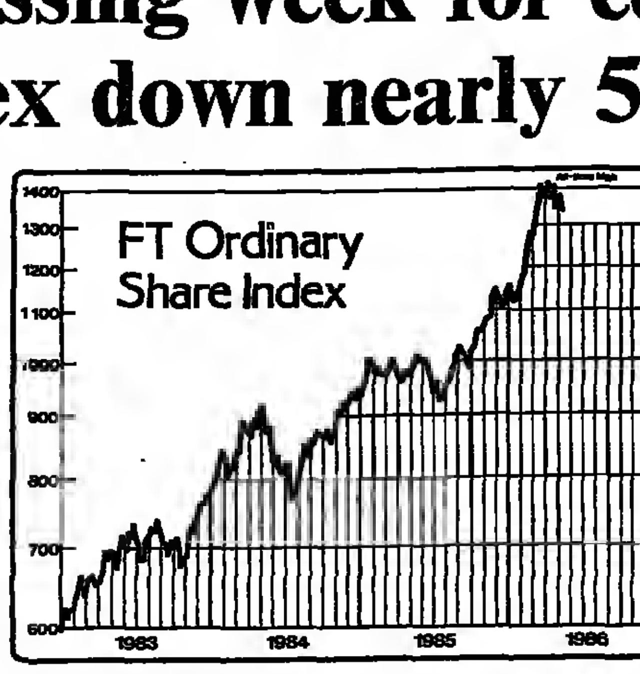
Interest in Traded Options remained at a low ebb. Total contracts struck yesterday amounted to 13,053, comprising 8,168 calls and 4,887 puts.

Govett Strategic

Govett Strategic Investment Trust had a net asset value of 290.4p per share at March 31 1986, taking prior charges at par, against 213.1p six months earlier. Taking prior charges at market value the figures are 289p and 213.3p respectively.

Net profits totalled £2.18m *(£1.49m)*, after a tax charge up from £740,000 to £971,000. Earnings per 10p share are shown as 2.2p (1.5p) and an unchanged 1.3p interim dividend is being paid.

The directors say the rapid rise in major world markets make them cautious, and a time of consolidation is due. However, with lower oil prices and the recent fall in interest rates, they remain positive on the wider investment outlook.



NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (58)

BRITISH FUNDS (7) Treasy 2pc I.L. '90, 2pc I.L. '96, 2½pc I.L. '01, 2½pc I.L. '03, 2pc I.L. '06, 2½pc I.L. '09, 2½pc I.L. '11. FOREIGN BONDS (3) Chinese 4½pc 1898, Do. 5pc 1912, Iceland 6½pc '83-88. AMERICANS (1) Sperry Corpn. BANKS (2) Brown Shipley, English Tst. BUILDINGS (3) Countryside Props., Federated Housing, Warrington (Thos.). CHEMICALS (1) Snia BPD. STORES (1) Raybeck. ELECTRICALS (2) DJ Sec. Alarms, Sunleigh Elects. ENGINEERING (2) RHP, Staveley Inds. INDUSTRIALS (13) Laidlaw Thomson, Metal Closures, Pentland Inds., Pritchard Services, RFD, Rank Organisation, Sinclair (Wm.), Sketchley, Southern Business, Swedish Match, Thermax, UDO, Waterford Glass. INSURANCE (1) Taisho Marine. LEISURE (3) Leisuretime Intnl., Ulster TV N/Vtg. A, WGI. PAPER (3) Aspen Comms, FKB, Smurfit (Jeffsn.). PROPERTY (3) Egerton Tst., Lynton, Mucklow (A. and J.), Peel, Trencherwood. TRUSTS (8) Baillie Gifford Japan, Crescent Japan, Drayton Far East, Drayton Japan, Fleming Japanese, Australian Merchant, Berkeley Technology, New Pr. OILS (1) *Hunting Pstrlm. 10pcCnvLn '97.* MINES (2) Japan Mining, Normandy Res.

NEW LOWS (50)

BRITISH FUNDS (1) Treasy. 9pc 2008. FOREIGN BONDS (1) Peru Assur. 2007. AMERICANS (1) IBM Corpn. CANADIANS (1) Brascan. BUILDINGS (1) Henderson Group. STORES (4) Bremner, Geller (A. J.), Goodman Bros., Menzies (J.). ELECTRICALS (4) GPS *Computer, Macro 4, Magnetic Materials*, Whitworth Elect.. ENGINEERING (6) Bailey (C. H.), Bristol Channel Ship, Davy Corpn., SPP, Thyssen, Victor Products. FOODS (4) Assocd. Fisheries, Global Group, Hazlewood, Normans. INDUSTRIALS (7) Anglo African Fin., Henara, High-Point Services, Hyman, Limoges Porcelain, Robertson Research, Security Services. INSURANCE (1) Britannic. LEISURE (2) Riley Leisure, SeaCo Inc. MOTORS (1) Reliant Motor. SHIPPING (1) Sea Containers. TRUSTS (5) Edinburgh Amer. Tst., Independent Inv., Precious Metals Trust, Britannia Arrow, National Home Loans. OIL (4) LASMO 9¼pcCumRedPrf., North Sea & Gen. Inv., Petrocon, Pict. Petrlm. MINES (8) Endeavour, GM Kalgoorlie, MIM, North Broken Hill, Southern Goldfields, Muslo Explorations.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 6	May 16	Aug 7	Aug 18
May 19	June 6	Aug 28	Sept 8
June 9	June 20	Sept 11	Sept 22

For rate indications see end of Unit Trust Service

Call options were transacted in Metal Closures, Glanfield Lawrence, Johnson and Firth Brown, International Signal, Sears, Ultramar, Amstrad, STC, *Tranwood WSL*, Trust House Forte, Tip Top Drug Stores and J. Halstead. No puts or double options were reported.

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	9	92	10	208	192	44
Corpns. Dom. and Foreign Bonds	6	22	44	58	69	157
Industrials	208	494	794	880	2,008	3,118
Financial and Props.	91	154	331	363	739	1,202
Oils	30	17	73	85	92	303
Plantations	1	—	14	1	5	54
Mines	33	24	122	122	132	462
Others	95	41	76	222	349	263
Totals	472	844	1,464	1,919	3,586	5,604

FINANCIAL TIMES STOCK INDICES

	May 9	May 8	May 7	May 6	May 2	May 1	year ago
Government Secs	89.96	92.55	98.58	95.05	99.79	93.09	80.30
Fixed Interest	97.24	86.83	96.88	96.81	96.78	96.69	86.51
Ordinary ♥	1330.3	1336.9	1346.7	1368.5	1383.9	1374.0	1001.9
Gold Mines	258.4	256.8	254.5	266.4	259.8	250.9	493.8
Ord. Div. Yield	4.07	4.05	4.01	3.95	3.91	3.94	4.56
Earnings, Yld. %(full)	10.90	10.09	10.03	9.87	9.78	9.86	11.45
P/E Ratio (net) (*)	11.97	19.11	12.19	19.37	18.49	19.40	10.64
Total bargains (Est.)	26,811	96,616	66,836	93,874	96,186	85,889	97,825
Equity turnover £m.	—	598.74	718.80	373.96	665.34	650.72	614.46
Equity bargains	—	96,536	86,203	28,679	83,800	96,782	27,246
Shares traded (m)	—	270.5	368.8	940.1	949.7	288.4	289.7

♥ Opening 1336.5. 10 am 1336.0. 11 am 1330.3. Noon 1324.1. 1 pm 1322.6. 2 pm 1322.7. 3 pm 1323.2. 4 pm 1323.6. Day's High 1337.5. Day's Low 1322.5. Basis 100 Government Securities 15/10/26, Fixed interest 1928, Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974. Latest Index 01-246 8026. 1 Corrected. * Nil = 11.56.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.61 (22/4)	86.55 (25/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1486.9 (3/4)	1094.3 (14/1)	1499.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	244.8 (30/4)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	May 8	May 7
Daily Gilt Edged Bargains	129.5	198.3
Equities Bargains	179.5	163.9
Equities Value	1210.2	1440.9
5-day Average Gilt Edged Bargains	129.9	131.9
Equities Bargains	165.0	165.1
Equities Value	1254.2	1311.2

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Barratt Developments	158	+ 8	Good Relations	156	−12
Beecham	373	− 5	Hestair (nil-paid)	18pm	+ 9
Brown Shipley	645	+45	Lucas Industries	573	−20
Cater Allen	563	−23	P & O Deferred	535	−10
Coats Viyella	492	−18	Sears	114	− 3½
Dupont	125	+ 3	Sunleigh Elects.	38	+ 1½

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Rank Organ.	35	571	+28	Glaxo	23	918	− 7
Amstrad	32	509	+29	STC	23	142	—
Aitken Hume	30	169	+11	Dupont	22	122	—
Marks & Spncr	28	202	− 6	Grand Met.	20	403	− 3
Beecham	24	378	− 5	Sears	20	117½	− 2½
Harris Queens'y	24	240	− 0	Trusthse. Forte	20	159	− 4

4-DAY ACTIVE STOCKS

Based on bargains over the four-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Grand Met.	93	403	−10	Cable & Wire.	80	643	−32
Tozer Kemsley	92	205	+42	STC	79	142	−14
Glaxo	89	918	−50	Beecham	78	378	−10
Jaguar	87	475	—	Aitken Hume	76	169	+20
Kenning Motor	86	325	+64	BTR	78	468	+ 2
Amstrad	81	509	−11	*ICI*	76	930	+ 3

LEADERS AND LAGGARDS

Percentage changes since December 31, 1985, based on Thursday, May 8, 1986

Metals and Metal Forming	+ 47.09	Industrial Group	+ 17.17
Motors	+ 40.83	Mining Finance	+ 17.07
Textiles	+ 37.32	Consumer Group	+ 17.07
Contracting, Construction	+ 30.68	Leisure	+ 15.96
Publishing and Printing	+ 29.22	*Brewers and Distillers*	+ *15.91*
Office Equipment	+ 29.10	All-Share Index	+ 13.59
Packaging and Paper	+ 28.51	Shipping and Transport	+ 15.57
Other Industrial Materials	+ 28.01	500 Share Index	+ 15.25
Electricals	+ 28.06	Investment Trusts	+ 15.03
Building Materials	+ 25.86	Stores	+ 13.93
Capital Goods	+ 26.49	Overseas Traders	+ 13.55
Banks	+ 26.19	Food Manufacturing	+ 13.46
Insurance (Composite)	+ 26.15	Property	+ 11.87
Mechanical Engineering	+ 24.96	Other Groups	+ 9.57
Merchant Banks	+ 23.99	Food Retailing	+ 5.96
Tobaccos	+ 20.61	*Insurance Brokers*	+ *4.00*
Chemicals	+ 19.38	Insurance (Life)	+ 2.79
Electronics	+ 19.82	Gold Mines Index	+ 2.72
Health and H'sshold Products	+ 19.72	Oils and Gas	+ 0.80
Financial Group	+ 17.50	Telephone Networks	+ 0.02

STOCK EXCHANGE DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date. † Bargains at special prices. ♦ Bargains done the previous day. ‡ Bargains done with or between non-members.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

STOCK EXCHANGE DEALINGS

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

UNLISTED SECURITIES MARKET

Sigmex Intnl (10p) 73 (7/5)
Splash Prods New (10p) 72●
Technology for Business 7pcPf (£1) 130¼ 1 (2/5)
Usher (Frank) Hldgs (5p) 101 (6/5). New (5p) 100 123
West Yorkshire Independent Hospital (50p) 80 (7/5)

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 172●
Aberfoyle 375 (6/5)
Acmex Hldgs 125 (7/5)
Agnico-Eagle Mines £10¼● (2/5)
Alliflex Hldgs 105●
Amatil 385 (7/5)
American Electric Power £16⅞● (7/5)
Ampol 114● 12 (6/5)
Amsterdam-Rotterdam Bk £25¾ (7/5)
Anheuser-Busch £32⅛ (7/5)
Ariadne Aust 162●
Ashton Mining 78● 4
Asia Oil Minerals ½
Aust Foundation Inv 104 (6/5)
Avon Prods £21⅞ (6/5)
Bank of East Asia 185● (2/5)
Base Resources 74● (7/5)
Basic Res. Int (Bahamas) 65
Bayerische Motoren Warke DM 563●

Terrex Res 8½ (7/5)
Thyssen £51.34● (6/5)
Tri-Continental Corp £16⅞● (6/5)
Unilever NV (Fl 20) US$172¼ (2/5)
Upjohn £58¼ (7/5)
Vamgas 96 (6/5)
Veba AG £97⅛ (6/5)
Volkswagenwerk DM 615● 16¼●
Walker (Hiram) Res £17⅜ (2/5)
Wang Labs 6 £11.80 (2/5)
Waste Management £28¾● ⅞ (6/5)
Westmex 125● 100
Wesrralian Sands 95●
Wendys Intnl £13¾ (7/5)
Woodside Pet (Lon Reg) 44½● 6● 40½ 5 ⅔
Wormald Intnl 220

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams 6 (£1) £18.40½ 60 (9/5)
Airship Inds (12½p) 32 4
Albion Invest 212 (8/5)
Anglo-Am Agric 7½pcLn 1999 69 100
Ann St Brewery (£1) 580 (8/5)
Barbican Hldgs (1p) 5 ¼ ½
Batsford (£1) 350 (6/5)
Bell Sports (£1) 30 (8/5)
Bolton House Invests (5p) 41 3 (6/5)
Bristol West BS 12⅝pcBds due 4/6/85 £99.699 (6/5)
Cambridge Instruments (5p) 137 ¾ 41 3 (6/5)
Channel Hotels Props (10p) 137
Ecclesiastical Insur 2.8pcPf (£1) 21 5 (6/5)
Fredericks Place (£1) 80 6 (7/5)
GRI Electronics (10p) 300 8 (8/5)
Grampian TV (10p) 48 62 (7/5)
Guernsey Gas Light (£1) 285 (7/5)
Guidehouse Corp (1p) 37
Hard Rock Cafe (2p) 80 2 (6/5)
ICE (1p) 745 50
Jennings Bros 185 00 (7/5)
Kunick Leisure (10p) 35 ½ 6 (9/5)
Le Riches Stores (£1) 500
Lorne Exploration (£1) 82 (7/5)
Mid Sussex Water 3.15pcPf £19 20pc
Oldham Ests (50p) 66 ½
Oodles (10p) 20 ½ (8/5)
Park Lane Hotel 5.6pcPf (£1) 50 5 (6/5)
Rangers FC (£1) £10.25 (6/5)
Southern Newspapers (£1) 223 5 6 7 30
Sutton Harbour Improvement 3½pcPf NV 7. 4pcPf NV 6¼ 8
Teddale Invs (10p) 6 ¾ (7/5)
Utd Trust Credit (£1) 405 10 15 18 20 (6/5)
Wistech (1p) 11 2 (7/5)
Wynstay Props 142

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

North West Oil Gas (20p) 3½ (2/5)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allied Dunbar Unit Trusts PLC (a)(c)

Anthony Wieler Unit Trust Mgmt. Ltd

Arbuthnot Securities Ltd (a)(c)

Archway Unit Trust Mgrs Ltd

Arkwright Management

Atlantic Unit Trusts Ltd

Baillie Gifford & Co Ltd

Baltic Trust Managers Ltd

Barclays Unicorn Ltd (a)(c)(g)

Baring Fund Managers Ltd

Barrington Mgmt Co Ltd (a)

Brown Shipley & Co Ltd (a)(g)

Bridge Fund Managers (a)(c)

Britannia Unit Trust Managers Ltd (a)(c)(g)

Buckmaster Management Co Ltd (a) (c)

CS Fund Managers Ltd

Canada Life Unit Trust Mngrs. Ltd

Cannon Fund Managers Ltd (a)

Capel (James) Mngt. Ltd

Cater Allen Unit Tst Managers

Cent. Bd. of Fin. of Church of England

Charities Official Invest. Fund

Clerical Medical Unit Trust Managers Ltd

Confederation Funds Mngt Ltd (a)

County Bank UT Ltd

Crown Unit Trust Services Ltd

Dartington Unit Trust Mngt. Ltd

Discretionary Unit Fund Managers

Drummond Fund Mangt Ltd

Dunedin Unit Trust Managers Ltd

EBC Amro Unit Trust Managers Ltd

Eagle Star Unit Mngrs Ltd

The English Trust Group PLC

Enterprise Fund Managers Ltd

Equitable Units Administration Ltd

Equity & Law Un. Tr. M. (a) (c)

F & C Unit Management

FS Investment Managers Ltd

Fidelity International Management Ltd

Framlington Group (a)

Friends Prov. Trust Managers (a)(b)(c)

Funds in Court

G. & A. Trust (a) (c)

GT Unit Managers Ltd

Gartmore Fund Managers (a) (c) (g)

Global Asset Management

Govett (John) Unit Mngt. Ltd

Granville Unit Tst Mngmt Ltd

Greshom Unit Trust Managers

Grieveson Management

Guardian Royal Ex. Unit Mgrs. Ltd (a)

Guild Management Limited

Guinness Mahon Unit Trust Mgrs Ltd (a)

Hambro General Fund Managers Ltd (a) (c)

Hambros Bank Unit Trust Managers Ltd (a)

Henderson Administration (a) (b) (c)

Heritable Unit Trust Managers Ltd

Hesmoss Unit Trust Managers Ltd

Hexagon Services Ltd

Hill Samuel Unit Trst. Mgrs. (a)

IBI Fund Managers Ltd (a)

Key Fund Managers Ltd (a)(g)

Kleinwort Benson Unit Managers

LAS Unit Trust Managers Ltd

L & C Unit Trust Management Ltd

Laurentian Unit Trust Mngment Ltd

Lawson Fund Managers Ltd (a) (c) (g)

Lazard Brothers & Co Ltd

Legal & General (Unit Tst. Mngrs.) Ltd

Leonine Administration Ltd

Lloyds Bk. Unit Tst. Mngrs. Ltd (a)

Lloyd's Life Unit Tst. Mngrs. Ltd

Local Authorities' Mutual Invest. Tst.

London & Manchester (Tst Mngmt) Ltd

London Law Unit Trust Managers Ltd

M & G Group (a) (c) (g)

MGM Unit (Managers) Ltd

MLA Unit Trust Management

Manulife Management Ltd

Mayflower Management Co Ltd

Mercury Fund Managers Ltd

Midland Bank Group UT Mngrs. Ltd

Minster Fund Managers Ltd

Murray Johnstone UT Mngt. (a)

NEL Trust Managers Ltd

NFU Mutual Unit Managers Ltd

National Provident Inv. Mgrs Ltd

Norwich Union Insurance Group (b)

Octavian Unit Trust Mgrs Ltd

Oppenheimer Fund Mngt Ltd

Orion Royal Bk. Tst. Mngrs. Ltd

Pearl Trust Managers Ltd (a)(g)

Perpetual Unit Trust Mngmt (a)

Prolific Unit Trusts

Providence Capital Fd. Mgrs. Ltd

Provincial Mutual Unit Trust Managers

Prudential Unit Trust Mngrs Ltd (a) (b) (c)

Quilter Management Co Ltd

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mgmt. Ltd

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgrs. Ltd

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd

Scimitar Asset Management Ltd

Scottish Equitable Fund Mgrs. Ltd

Scottish Life Investments

Scottish Mutual Investment Mngrs Ltd

Scottish Provident Inv. Mgt. Ltd

Scottish Unit Managers

Scottish Widows' Fund Management

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY — 01-628 6626

American Majors	67.7	72.4	+0.3	1.12
Amer Tech & Genl Fd.	101.6	108.7	+0.8	0.55
European Growth	30.3	32.4	+0.1	0.03
European Income	35.1	37.6	+0.5	5.00
Exempt	538.7	576.4	.....	2.03
Intnl Growth Fd	30.7	32.8	+0.2	0.13
International Income	56.5	60.5xd	+0.2	4.96
Jap Tech & Genl	94.3	100.9xd	+3.1	0.01
Pacific Fund	165.1	176.7xd	+4.1	0.01
Secure Income Fd.	172.1	184.1xd	-0.4	4.54
Small Co's Fd	37.5	40.1	+0.2	1.45
Special Sits	211.4	226.2xd	-1.1	2.18
UK General Fund	32.7	35.0	+0.1	2.32

Standard Life Trust Mgmt. Ltd
9 George St, Edinburgh EH2 2XZ — 0800 393777

Managed Trust Acc.	23.3	25.0	.....	1.0
UK Equity Gth Tst Acc	23.3	25.0	.....	2.0
UK Equity High Inc Inc	23.3	25.0	.....	5.00
UK Equity Gen Tst Acc	27.3	29.3	-0.1	3.01
UK Equity Gen Tst Inc	24.7	26.5xd	-0.1	3.01
Gilt & Fxd Int Tst Inc	23.3	25.0	.....	2.0
Nrth Amer Tst Acc	23.3	25.0	.....	0.75
Far East Trust Acc	23.3	25.0	.....	0.75
Managed Trust Acc	23.3	25.0	.....	1.25

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh — 031-226 3271

American Fund	216.9	231.0	+2.9	2.34
(Accum. Units)	243.6	259.4	+3.3	2.54
(Withdrawal Units)	152.2	162.1	+2.0	2.34
Australian Fund	119.5	127.3	0.7	1.04
(Accum. Units)	123.1	131.1	-0.7	1.04
British Fund	585.1	623.1	-0.7	4.35
(Accum. Units)	788.1	839.3	-1.2	4.35
European Fund	274.4	292.2	+2.4	0.88
(Accum. Units)	288.9	307.7	+2.4	0.88
Japan Fund	285.4	304.0	+6.9	0.25
(Accum. Units)	286.8	305.5	+6.9	0.25
Saints PPP	165.1	173.8	.....	—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham — 0403 56293

Equity Tst.	382.4	425.7	-0.6	2.33
North America	55.3	59.6	+0.7	0.89
Far East	72.6	77.2	+1.6	0.30

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU — 01-606 6010

American Growth Acc.	32.0	34.1	+0.4	1.4
American Income Acc.	30.5	32.4	+0.3	5.5
American Income Inc.	30.0	31.9	+0.3	5.5
European Growth Acc.	49.4	52.5	+0.3	0.8
European Income Acc	23.9	25.4	+0.2	4.5
European Income Inc	23.9	25.4	+0.2	4.5
Far East Growth Acc.	40.0	42.5	+0.6	0.6
Int. Growth Acc.	33.9	36.1	+0.5	2.0
Japan Growth Acc.	50.9	54.2	+1.7	0.1
UK Growth Acc.	36.3	38.6	-0.1	2.7
UK Income Acc.	32.6	34.7	..	5.3
UK Income Inc.	31.8	33.8	.....	5.3
Managed Growth Acc.	42.0	44.7xd	+0.5	2.0
Managed High Yield Inc.	46.1	49.0xd	+0.2	7.0
Managed Income Inc.	36.1	38.4xd	.	3.5

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks — 0732 450161

Equity Dist.*	285.5	302.1	.....	3.31
Equity Acc.*	343.6	363.5	.....	3.31
[illegible]				

[illegible]

Abbey Life—Continued
Pension Funds

Property	350.3	368.8	.....	—
Equity	759.5	799.5	-3.5	—
Selective	247.7	260.8	-0.4	—
Managed	614.7	647.1	+2.9	—
Security	327.7	345.0	.....	—
Fixed Int.	205.5	216.4	+0.5	—
European	177.5	186.9	+1.6	—
American	219.4	231.0	+3.4	—
Japan	229.6	241.7	+5.0	—

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE — 01-833 2303
Life Funds (Accumulator Units)

Squirrel	10.44	10.99	.....	—
Bear	11.27	11.87	-0.01	—
Owl	11.66	12.28	.....	—
Bull	12.72	13.39	+0.16	—
Stag	12.34	12.99	+0.11	—
Gilt-Edged	11.17		.....	—
Deposit	9.61		.....	—

Pension Funds (Accumulator Units)

Squirrel	11.03	11.62	+0.01	—
Bear	12.11	12.75	.....	—
Owl	12.59	13.26	.....	—
Bull	14.15	14.90	+0.27	—
Stag	13.71	14.44	+0.19	—
Gilt-Edged	12.2		.....	—
Deposit	9.69		.....	—

Exempt Approved

Mixed Managed	130.23	132.89	+0.52	—

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar — 0707 42311

Equity Fd. Acc.(z)	706.2	743.4	-8.9	—
European Fd Accum(z)	194.7	204.9	.....	—
Fixed Int. Acc.(z)	305.3	321.3	-0.4	—
Gtd. Money Fd. Ac.(z)	196.3	206.6	+0.1	—
Intl. Man. Fd. Acm.(z)	290.5	305.7	-2.2	—
Intl Fxd Int Fd Acc(z)	175.7	184.9	+0.2	—
Japan Fund(z)	222.1	233.7	+0.7	—
[illegible]				

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Royal Bank of Scotland plc
24 Lombard St, London EC3V 9BA 031-557 0201

Premium Account	10.00	7.47	10.63	Qtr

Save & Prosper/Robert Fleming
28 Western Rd, Romford RM1 3LB. 0708 66966

H.I.B.A.	9.76	7.30	10.66	Daily

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc.	10.26	7.66	11.11	Qtr
Money Acc.	10.20	7.62	11.05	Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc.	9.75	7.29	10.61	Mth
Over £10,000	10.00	7.48	10.90	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 24141

High Int Chq Acc.	10.56	7.89	11.45	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	28
BAT	36
BOC Grp.	32
BSR	14
BTR	45
Babcock	20
Barclays	45
Beecham	32
Blue Circle	55
Boots	26
Bowaters	30
Brit Aerospace	48
Brit. Telecom	17
Brown (J.)	3
Burton Ord	32
Cadburys	17
Charter Cons	22
Comm Union	26
Courtaulds	26
Distillers	52
FNFC	15
Gen Accident	75
Gen Electric	17
Glaxo	100
Grand Met	34
GUS 'A'	75
Guardian	75
GKN	32
Hanson Tst.	26
Hawker Sidd.	52
ICI	50
'Imps'	28
Jaguar	27
Ladbroke	32
Legal & Gen	79
Lex Service	33
Lloyds Bank	55
Lucas Inds	60
Marks & Spencer	18
Midland Bk	44
NEI	11
Nat West Bk	70
P & O Dfd	45
Plessey	20
Polly Peck	16
Racal Elect	17
RHM	28
Rank Org Ord	48
Reed Intnl	75
Sears	12
TI	42
Tesco	30
Thorn EMI	35
Trust Houses	12
Turner Newall	18
Unilever	120
Vickers	40
Wellcome	19
Property	
Brit Land	16
Land Secs	30
MEPC	32
Peachey	24
Samuel Props	18
Oils	
Brist. Oil & Min.	2½
Brit Petroleum	48
Burmah Oil	30
Charterhall	3
Premier	3½
Shell	55
Tricentrol	15
Ultramar	18
Mines	
Cons Gold	48
Lonrho	25
Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100	99¼	Treas 12pc 1986	100	.....	11.98	10.44
99	95½	Treas 8¼pc 1984-86‡‡	99	.....	8.53	10.43
102	101½	Exch. 14pc 1986	[illegible]	–⅛	13.74	9.70
98	94	Exch. 2½pc 1986	97	.....	2.55	6.64
102	100	Exch. 13¼pc 1987	102	–⅛	12.93	9.52
102¾	97	Treas 10½pc Cv '87	100	–⅛	10.21	9.58
96	92	Exch 2½pc 1987	96	.....	2.59	6.87
101	97½	Exch 10½pc 1987	100	–⅛	10.41	9.43
98	93	Funding 6½pc '85-87‡‡	98	–⅛	6.62	8.45
101	95	Treas. 10pc 1987	100	–⅛	9.94	9.36
95⅞	90	Treas 3pc 1987	95	.....	3.14	7.12
104½	99	Treas. 12pc 1987	103⅞	–⅛	11.55	9.10
99	92	Treas 7¾pc 1985-88‡‡	95½	–⅛	7.87	8.79
104	96¾	Exch 10½pc '88	102	–⅛	10.23	9.06
102⅝	95½	Treas 9¾pc Cv '88	101¼	–⅛	9.63	9.10
92¾	86	Transport 3pc '78-88	92	–⅛	3.25	6.89
102½	93	Treas. 9½pc '88	100	–⅛	9.41	9.07
107	96	Treas 11½pc 1989	105	–⅛	10.64	8.97
103½	93	Treas 9½pc Cnv. '89	101	–⅛	9.35	8.92
90	82	Treas 3pc 1989	90½	.....	3.31	6.53
105	95	Treas 10½pc 1989	104	–⅛	10.09	9.00
104	94	Exch 10pc 1989	102	–⅛	9.74	9.03
107	97	Exch 11pc 1989	105	–⅛	10.40	8.98
92¾	84½	Treas 5pc 1986-89	92	+⅛	5.39	7.49
110	94	Exch 10¼pc Cv '89	107	–⅛	9.58	7.92
114	103	Treas 13pc 1990‡‡	112	–⅛	11.58	8.86
108½	97½	Exch 11pc 1990‡‡	106	–⅛	10.30	8.83
113	101	Exch. 12½pc 1990	111	–⅛	11.19	8.86
87	79	Treas. 3pc 1990	87	–⅛	3.44	6.64
100	89½	Treas 8¼pc 1987-90‡‡	99	–⅛	8.30	8.44

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
		O.F.S.					
230	158	Beatrix Mines	153	.....	15c	1.2	9.2
965	669	F.S. Cons. Gold 50c	694	+10	Z0160c	—	7.9
240	120	Free State Dev. 10c	160	.....	Q15c	1.1	3.0
952	594	Harmony 50c	631	−6	Q265c	♦	19.6
415	213	Loraine R1	225	−2	Q75c	3.1	10.9
997	750	St. Helena R1	850	+31	Q450c	1.9	17.2
569	354	Unisel	450	.....	†Q150c	1.1	10.8
523	372	Welkom Gold Hldgs 50c	448	.....	Q234c	1.0	17.9
		Diamond and Platinum					
555	532	Anglo-Am.Inv.50c	552	+6	Q810c	♦	5.0
527	312	De Beers Df. 5c	460	+3	Q55c	5.1	3.7
490	315	Do. 40pc Pf. R5	410	+30	Q200c	x	15.8
710	550	Impala Plat. 20c	610	+20	Q135c	1.9	7.2
652	410	Lydenburg 12½c	550	−50	Q72c	1.0	4.5
790	500	Rus. Plat. 10c	610	−30	†Q90c	1.4	4.8
		Central African					
205	155	Falcon Z50c	190	.....	†Q100c	2.5	21.9
16	10	Wankie Col. Z$1	14	.....	vQ5c	3.6	14.0
16	12	Zam.Cpr.SBD0.24	12	.....	—	—	—
		Finance					
92	65	Afex Corp SA $1.50	75	.....	Q7.5c	4.4	6.8
£25	775	Ang. Am. Coal 50c	800	+25	[illegible]	3.1	7.0
£10¼	735	Anglo Amer. 10c	810	.....	[illegible]	2.0	5.4
£57½	£38⅞	Ang. Am. Gold R1	£45	+1	[illegible]	1.1	10.4
£40	£24	Anglovaal 50c	£30	.....	[illegible]	2.9	5.6
22	11	Clogau Gold 10p	16	+½	—	—	—
123	80	Cons Afex Corp	90	.....	[illegible]	—	2.2
557	435	Cons. Gold Fields	463	+3	[illegible]	1.4	7.5
66	34	East Rand Con. 5p	43xd	.....	1.0	2.1	3.3
820	600	Gencor R1	600	.....	[illegible]	1.1	9.2
£10	590	Gencor 40c	825	.....	[illegible]	2.2	8.0
33	18	Gold & Base 12½p	28	.....	—	—	—
975	700	Gold Fields S.A. 5c	725	+25	[illegible]	2.0	5.4
£81	549	Jo'burg Cons. R2	£65	.....	[illegible]	2.2	4.4
930	550	Middle Wit 25c	750	.....	[illegible]	1.5	4.5
660	545	Minorco $BD1.40	585	+15	[illegible]	1.2	2.6
575	300	New Wits 50c	312	−13	[illegible]	1.6	7.5
£22¼	£15⅝	OFS Invs 1c	£16½	.....	[illegible]	—	8.9
21	13	Rand London 15c	13	.....	—	—	—
£25	£16	Rand Mines R1	£16	.....	[illegible]	2.8	7.1
425	320	Rand Min. Props. R1	320	.....	[illegible]	2.6	6.7
100	60	Vogels 2½c	60	.....	[illegible]	1.7	16.2
		Australians					
7½	5	Afro-West A$0.20	6½	.....	—	—	—
105	64	ACM 50c	85	−5	♦	—	—
21	8	Aquarius Explo NL	8	.....	—	—	—
5½	4	Aust. Hydrocarbons NL	5	.....	♦	—	—
6½	4	Australis Ming N.L.	7	.....	—	—	—
42	28½	Austwhim Res. NL	31	.....	—	—	—
19	13	Aztec Explo.	13	.....	2.01c	—	3.8
12½	7	Balmoral Res	7	.....	—	—	—
290	135	Barrack Mines	225	+5	Q25c	♦	5.6
207	85	Bond Corp	202	+2	G08.33c	♦	2.2
134	89	Bougainville 1 Kina	118	−2	Q0.4%	1.1	5.8
29	21	Brunswick A$1	21	.....	—	—	—
359	258	CRA $2	294	−4	Q15c	1.7	2.5
50	32	Nth. Kalgurli	34	−2	a20.2c	—	2.9
62	40	Oakbridge 50c	48	.....	—	—	—
35	17	Otter Expl'n. NL	17	.....	—	—	—
107	81	Pancont'l 25c	84	.....	—	—	—
27	9½	Paragon Resources NL	16	−1	—	—	—
60	45	Paringa Mng/Exp 5p	55	.....	—	—	—
293	215	Peko-Wallsend 50c	221	+3	1010c	—	2.2
29	9	Pelsart Res NL	20	+1	—	—	—
14½	7½	Portman Mining	10	.....	—	—	—
10½	10	Queen Margaret Gold	10	.....	—	—	—
295	222	Renison 50c	250	.....	1010c	1.1	1.9
10½	4½	Samson Expl'n. NL	5	.....	—	—	—
195	145	Sons Gwalia NL	168	.....	1016c	2.2	4.7
14	10	Sthn. Goldfields	10	−1½	—	—	—
9½	6½	Southern Pacific	8½	.....	—	—	—
65	51	Southern Res	51	.....	—	—	—
9½	5	Southern Ventures 25c	5½	.....	—	—	—
24	14	Swan Expl'n	14	.....	—	—	—
11	5½	Swan Res 25c	6	.....	—	—	—
21	14	Thames Mining A$0.25	17½	.....	—	—	—
53	43	Utd Goldfields NL	43	.....	—	—	—
21½	13	Wales Coast 25c	13	−½	—	—	—
12	7	Western Conti 25c	7	.....	—	—	—
193	147	Westn. Mining 50c	153	−1	106c	0.7	1.9
140	102	Whim Creek 20c	102	.....	Q11c	♦	5.4
39	25	Windsor Res NL	25	.....	—	—	—
7½	4½	York Resources	5	.....	—	—	—
		Tins					
195	159	Ayer Hitam SM1	135	.....	vQ155c	1.5	29.7
72	33	Geevor	48	.....	‡12.0	1.9	‡
63	40	Gopeng Berhad M$0.50	48	.....	g$0.16	♦	11.6
650	650	Hongkong	650§	.....	—	—	—
21	17½	Jantar 12½p	21	.....	2.5	♦	16.8
28	15	Malaysia Mng. 10c	17	.....	‡vQ6c	2.4	‡
17	17	Pahang	17§	.....	—	—	—
225	150	Pengkalen 10p	200	.....	—	—	—
137	90	Poaling SM1	98	.....	vQ60c	0.2	17.2
130	95	Sungei Besi SM1	107	.....	‡vQ43c	—	‡
150	105	Tanjong 15p	120	.....	—	—	—
140	75	Tronoh SM1	85	.....	vQ45c	♦	14.3
		Miscellaneous					
30	30	Anglo-Dominion	30	.....	—	—	—
42	26	Anglo Utd Dev.	32	.....	d1.05	♦	4.7
80	45	Colby Res Corp.	56	+11	—	—	—
260	200	Cons. Murch. 10c	210	.....	‡Q06½c	3.9	‡
34	33	Ennex Int. Ir10p	33	.....	—	—	—
101	70	Greenwich Res	92	.....	—	—	—
143	53	Hampton Areas 10p	128	+14	3.75	0.9	3.9
245	165	Highwood Res.	230	.....	—	—	—
£19½	£13½	Homestake Mining $1	£13⅝	.....	Q20c	—	1.0
210	160	McFinley Red Lake	190	.....	—	—	—
235	195	Musto Explorations	195	−5	—	—	—
51	37	New Sabina Res C$1	37	.....	—	—	—
260	210	Northgate C$1	215	+5	—	—	—
790	513	RTZ	662	+22	22.0	2.8	4.8
£164	£115	Do. 9½pcLn '95-2000	£136	+1	Q9½%	15.5	17.2
950	650	Tara Expln $1	884	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ⁃ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ♯ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	123	.....	Fin. 13% 97/02	£127	.....
Craig & Rose £1	£13	.....	Arnotts	345	+15
Finlay Pkg 5p	46	.....	CPI Hldgs	55	.....
Holt (Jos) 25p	790	+10	Carroll Inds.	190	.....
I.O.M. Stm £1	87	.....	Dublin Gas	53	.....
			Hall (R. & H.)	71	+3
IRISH			Heiton Hldgs.	29½	+½
Fund 11¾% 1985	£104	.....	Irish Ropes	95	.....
Nat. 9¾% 84/89	£102	.....	Unidare	195	−1

"Recent Issues" and "Rights" Page 18

FINANCIAL TIMES
Saturday May 10 1986

Yen continues rise against dollar

BY GEORGE GRAHAM

THE YEN continued to rise in the foreign exchange markets yesterday, adding to its gains against the US dollar and making up more ground against European currencies.

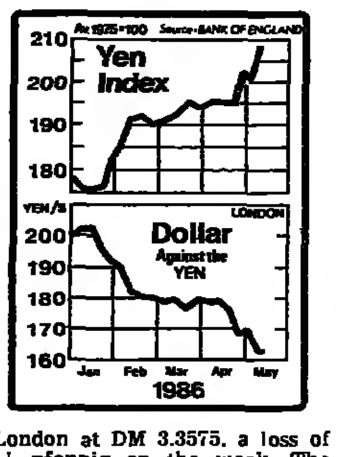
Currency traders watched nervously for signs that the US Federal Reserve might intervene in support of the dollar, following indications of concern on Thursday from Mr Paul Volcker, its chairman. But most of them have concluded from last weekend's economic summit in Tokyo that the US is unlikely to step in unless the dollar falls more sharply.

The yen moved as high as Y161.65 to the dollar in European trading before falling back slightly to Y162.3, and then to Y162.825 at the New York close. Against the yen the D-mark lost ¼ yen to end in London at Y74.5. Sterling closed at Y250, down 2¼ yen.

The West German currency has trailed its Japanese counterpart in its advance since the Group of Five leading industrial nations decided in September on joint action to bring down the dollar's exchange rate. So far this year, the Japanese currency has appreciated by 23.4 per cent against the dollar and by 10 per cent against the D-mark.

Sterling followed the dollar down yesterday, giving up some of the gains it had made earlier in the week. The pound closed in London at $1.541 and dropped to $1.53825 by the time New York markets closed.

Against the D-mark, sterling lost nearly ¾ pfennig to close in London at DM 3.3575, a loss of 1½ pfennig on the week. The Bank of England's sterling index fell 0.6 to 75.6, down 0.4 in the week.



The pound's weakness did not help the London stock market, which was already unsettled in the wake of the Government's poor showing in local and parliamentary elections.

The FT Ordinary share index fell 6.6 to 1330.3, a loss of nearly 53 points during the week. The broader FT-SE 100 share index fell only 1 point to end the week 51 points lower at 1601.6.

Paul Taylor in New York writes: In the US money and credit markets, most rates were modestly firmer. Bond prices generally edged lower.

On Wall Street, equity prices also edged higher. Dow Jones industrial average gained 3.22 points to reach 1789.43

Money markets, Page 17

Barclays chief hits at Japanese financial institutions

By William Hall in New York and David Lascelles in London

BARCLAYS BANK has launched another public attack on Japanese financial institutions' trading practices with a warning in New York from Sir Timothy Bevan, Barclays chairman, that they were "dumping" their financial services on world markets and forcing margins on traditional banking business down to unprofitable levels.

Japanese banks and securities firms were behaving in the financial services sector in the same way as they were in manufacturing, he said. "You can dump financial services like you can dump everything else."

Sir Timothy and other Barclays directors, in the US for the bank's first board meeting there, had talks in Washington earlier this week with Mr Paul Volcker, chairman of the Federal Reserve Board, the US central bank, and several leading US politicians. At those meetings, Sir Timothy said, he had expressed "the universal fear of Japanese dumping of financial services."

Official statistics show that Japanese banks recently overtook the American banks as the world's largest holders of foreign banking assets. In the UK, they account for nearly a quarter of all loans booked.

Japanese banks are generally held to be able to undercut European and US banks because their supervisors in Tokyo do not require them to underpin their lending with as much capital as western banks, though their aggressive marketing tactics also play a role.

International bank supervisors are trying to establish generally accepted levels of bank capital which may shortly lead to Japanese banks being required to have more capital. But western bankers expect the effect to be minimal, and they want western banking authorities to intervene more directly.

In December Mr Peter Leslie, Barclays' group chief executive, complained that Japanese banks had built up an excessive share of the UK lending market through price-cutting.

Barclays to expand in US, Page 3

Solicitors win right to appear in High Court

By Raymond Hughes, Law Courts Correspondent

A DECISION to give solicitors limited rights to conduct cases in the High Court has met with immediate criticism.

Lord Lane, Lord Chief Justice, announced yesterday that solicitors are to be permitted to represent their clients at "formal or unopposed" hearings in the Court of Appeal, the High Court and Crown Courts.

The announcement is symptomatic of the changing climate in the legal world where increasing efforts are being made to modernise procedures, make them cheaper and more cost-effective and tailored more to the needs of consumers.

However, the limited nature of the change was immediately criticised by solicitors, who have been trying for years to break the Bar's monopoly.

The Law Society, the solicitors' professional body, said it was "a small step forward for consumer choice."

Mr Tony Girling, chairman of the society's remuneration committee, said it gave solicitors virtually nothing and would do nothing to end the public row with the Bar.

The strongest criticism came from Mr Alastair Brett, a solicitor who was refused permission last year to read out an agreed settlement statement in a libel action brought by Mr Cyril Smith, a Liberal MP.

It was this decision that led judges to reconsider the issue. Under the new system solicitors will be able to read such statements.

Mr Brett said the move was "a timid and pathetic attempt at reform" and "insulting to solicitors and protective of the Bar and its restrictive practices."

The Bar's official comment was that it was glad that "the position has been tidied up."

Solicitors will be able to address the court if both parties agree there is unlikely to be any legal argument at the hearing and if the judge will be asked only to approve an agreed course of action.

The Lord Chancellor's Department is proposing a system of fixed fees for lawyers handling legal aid cases instead of solicitors being paid on an hourly basis and barristers getting their traditional brief fee.

Progress reported on improving Irish extradition arrangements

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

PROGRESS is being made on improving arrangements for the extradition of suspected terrorists between Northern Ireland and the Irish Republic, Mr Tom King, the Northern Ireland Secretary, said yesterday.

Mr King was speaking after the fifth meeting of the special conference set up under the Anglo-Irish Agreement which took place in London. The meeting, which lasted longer than expected, was at the Northern Ireland Office.

Earlier in the day unionists, angry that the meeting was taking place, demonstrated at the office.

The conference considered a range of economic, environmental and judicial issues designed to improve cross-border co-operation. Mr King said improvements were in hand to the mechanism of extradition, which would prevent terrorist criminals escaping capture.

The minister particularly mentioned the correct preparation of warrants to ensure they complied with the requirements of both countries. He said closer co-operation between the Garda and the Royal Ulster constabulary was a major priority.

The meeting also raised what an end of session communique described as "measures to enhance public confidence in the administration of justice." The talks considered the question of non-jury courts and the disadvantages and merits of increasing the number of judges in court from one.

Mr King said that given the Northern Ireland situation it was impossible to operate a normal jury system, but any alternative had to operate fairly and attract maximum public confidence.

The question of a Bill of Rights for Northern Ireland was raised again and Mr King said the British Government, which had set out the advantages and disadvantages of such a measure, was awaiting the Irish Government's response.

Responding to criticism that five meetings and several months of talks had yet to bring any apparently significant results, Mr King said: "The talks represent painstaking, patient steps and anyone seeking immediate benefits is being unrealistic. There is no question that by working together we are more likely to find some of the answers to the many problems."

BCA set for £52m sale in US

BY JOHN GRIFFITHS

BRITISH CAR Auctions group is expected to announce this weekend the sale of its vehicle auction activities in the US for £52m.

The sale would yield a £20m gain for BCA which, after exchange rate fluctuations are taken into account, has spent £32m establishing its Anglo American Auto Auctions network since purchasing it in May, 1982.

The buyer is understood to be the Manheim Group, which has offered the only domestic rivalry to BCA's concept of a geographically integrated auction network in the US.

Until BCA arrived in North America, the US vehicle auction industry consisted almost entirely of about 200 individually owned auction houses.

The exception was the handful of outlets owned by Manheim, a subsidiary of the Cox Broadcasting group.

Neither BCA nor Manheim would comment yesterday on their plans. BCA's chairman, Mr David Wickins, is at present in the US.

BCA found the US auction business difficult last year, with profits from its operations there dropping to £2.23m from £2.65m, despite an increase in turnover from £711m to £1.042bn.

Setbacks spur Tories

Continued from Page 1

the Liberal Alliance candidate after two late recounts. The 1933 Tory majority was 15,325.

Labour made sweeping gains from the Tories in the London borough and metropolitan district elections. With almost all the returns made, Labour appeared to have made net gains of approaching 500 seats with the Tories losing just over a net 700. The Alliance made net gains of over 270.

Labour secured its expected easy victory in the first direct elections to the Inner London Education Authority. With three boroughs still to declare, it had secured 30 of the 58 seats.

Party leaders highlighted their success in taking control of an additional 17 councils. Dr John Cunningham, shadow Environment Secretary, described the outcome as "a further major step towards government and national recovery." There had been a massive rejection of the Tories and their policies and, while the Alliance had a small piece of the icing, it was Labour "which has run off with the cake."

Dr Cunningham said Labour's successes in Liverpool "change nothing" about the National Executive's proposals to expel leading members of the Militant group in the city.

Mr Robin Cook, the party's campaign co-ordinator, claimed that on the basis of results in 20 key constituencies the party would win 330 seats at a general election and just have an overall Commons majority.

The Alliance focused on the parliamentary by-election success as well as its further local gains.

Mr David Steel, Liberal leader, noted that parliamentary by-elections were the Alliance's lifeblood and established its credibility. The Alliance had not only made gains from the Tories but had also had limited successes in Labour areas such as Pendle, Tower Hamlets and Islington.

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Chrysler

bishi, in which the American group has a 24 per cent stake.

Last year, Chrysler also secured a deal under which it will use Maserati, the Italian luxury and sports car maker, to enter the healthy US luxury car market, currently dominated by imports.

Chrysler bought a 5 per cent stake in Maserati and is ordering $600m worth of Maserati-built cars to be sold as an upmarket Chrysler model.

Chrysler's experiences in Europe have had fairly close parallels with those of Fiat in North America. Losses in the early 1980s forced Fiat's withdrawal from the North American market.

A few years earlier, Chrysler had been glad to sell its own loss-making European operations, covering the UK, France and Spain, to the French Peugeot group.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 2½pcIL '09	£104¾	+ ⅞
Allied-Lyons	331	+ 16
Aspinall	169	+ 14
Barratt Devs	158	+ 8
BP	563	+ 13
Britoil	183	+ 8
Brown Shipley	645	+ 45
Brunning	158	+ 11
DJ Sec Alarms	131	+ 10
Egerton Trust	85	+ 8
Hampton Areas	128	+ 14
Hestair	158	+ 22
Leisuretime Intnl	103	+ 8
Rank Orgsn	589	+ 18
Raybeck	46½	+ 3½
Royal Insce	927	+ 18
Shell Trans	753	+ 20
Tricentrol	60	+ 7
WSL	176	+ 12
FALLS		
Treas 12½pc 03-05	£130	− [illegible]
Amstrad	493	− 16
Brit Aerospace	540	− 15
Cater Allen	565	− 25
Good Relations	156	− 12
Harris Queensway	232	− 8
Hawker Siddeley	577	− 14
Hillsdown	283	− 15
Lucas Inds	573	− 20
Woolworth	805	− 15

WORLDWIDE WEATHER

UK today: Sunny intervals and showers over England and Wales. Temperatures near normal. Outlook: Continuing rain.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	19	66	Corfu	C	17	63	Luxmbg.	C	11	52	Peking	F	19	66
Algiers	S	23	73	Dallas	F	25	77	Madeira	F	21	70	Perth	C	18	64
Amsdm.	F	14	57	Dublin	F	16	61	Madrid	S	23	73	Prague	C	10	50
Athens	F	19	66	Dbrvnk.	C	18	64	Majorca	S	21	70	Reykjvk.	S	9	48
Bahrain		—	—	Ednbgh.	—	10	50	Malaga	S	21	70	Rhodes	S	21	70
Barclna.	S	[illegible]	65	Faro	S	26	79	Malta	S	24	75	Rio J'o	C	26	79
Beirut		—	—	Florence	S	24	75	M'chstr.	R	12	54	Rome	S	19	66
Belfast	F	14	57	Frankft.	F	15	59	Melbne.	F	18	64	Salzbrg.	C	15	59
Belgrd.	C	14	57	Geneva	S	16	61	Mx. C.	F	24	75	S F'cisco	S	22	72
Berlin	F	14	57	Gibraltar		—	—	Miami	F	31	88	Singapr.	R	25	77
Biarritz	S	22	72	Glasgow	R	11	52	Milan	S	21	70	S'tiago	S	15	59
Bmghm.	C	13	55	G'rnsey	F	12	54	Montrl.	F	20	68	Stckhm.	F	16	61
Blackpl.	R	12	54	Helsinki	S	17	63	Moscow	S	16	61	Strasbg.	C	15	59
Bombay	F	32	90	H. Kong	F	30	86	Munich	C	13	55	Sydney	S	24	75
Bordx.	F	20	68	Innsbrk.	C	13	55	Nairobi	C	23	73	Tangier	S	25	77
Boulgn.	R	10	50	Invrnss.	R	11	52	Naples	F	23	73	Tel Aviv	S	22	72
Bristol	C	16	61	I.o.Man	C	9	48	Nassau	F	29	84	Tenerife	S	24	75
Brussels	R	13	55	Istanbul	S	14	57	Nwcstl.	R	11	52	Tokyo	S	22	72
Budpst.	C	17	63	Jersey	F	15	59	N Delhi	S	33	91	Toronto	S	14	57
Cairo	S	24	75	Jo'burg	F	22	72	N York	S	18	64	Tunis	S	25	77
Cardiff	C	14	57	L. Plms.	S	23	73	Nice	F	18	64	Valencia	S	24	75
Cape T.	F	20	68	Lisbon	S	23	73	Nicosia	F	21	70	Venice	F	20	68
Chicago	S	21	70	Locarno	S	19	66	Oporto	S	19	66	Vienna	R	15	59
Cologne	R	13	55	London	C	13	55	Oslo	F	13	55	Warsaw	R	11	52
Cpnhgn.	C	12	54	L. Ang.	S	22	72	Paris	C	14	57	Zurich	S	15	59

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Continued from Page 1

No danger to western health

litre, except in a few highly localised instances.

With the need for greater international co-operation in mind, West Germany offered yesterday to host a special conference of the 26 nations operating nuclear power stations to agree on common safety standards and emergency reporting procedures.

Bonn urged that a meeting of the governors of the Vienna-based international Atomic Energy Agency, due in mid-June, should be brought forward to next week.

Chancellor Helmut Kohl has written personally to Mr Mikhail Gorbachev, the Soviet leader, demanding a full explanation of this worst-ever accident in the history of civil nuclear power.

The moves reflect Bonn's dismay at the Soviet Union's continuing failure to provide more information about Chernobyl. But it also clearly has continuing unrest and anxiety at home about the after-effects of the calamity very much in mind.

More than 5,000 people demonstrated yesterday at Gorleben, the site of an intermediate nuclear waste storage facility in Lower Saxony, where an important state election is due in a month's time.

Simultaneously, the opposition Social Democrats, at an economic congress in Hamburg, renewed their demand for West Germany to reduce dependence on nuclear energy.

Britain is preparing to wind down the nuclear alert prompted by Chernobyl, Mr William Waldegrave, Environment Minister, said yesterday.

The announcement came as a Soviet Embassy official was summoned to the Foreign Office to hear further complaints about his Government's handling of the disaster.

Mr Timothy Eggar, Foreign Office Under-Secretary, told him of the need for prompt release of facts about a nuclear accident, and of fears about continuing effects.

Britain's nuclear industry yesterday accepted criticism by a Commons committee of its failure to allay public fear of radioactive waste, but said that disposal of nuclear waste ought to cause only negligible concern.

A nuclear reactor at the Hinkley Point B Nuclear Power Station in Somerset was shut down yesterday because of an electrical fault in a generator. The plant was being inspected and repaired and the reactor should be reopened within a week, the Central Electricity Generating Board said.

In Italy pressure is mounting within the ruling five-party coalition for the Government to close one of the country's three functioning nuclear power plants. The plant, at Latina, south of Rome, is of the Magnox type, similar to several plants in Britain.

The demand for the closure of the 150 Mw plant comes from the executive of the Socialist Party, which is led by Mr Bettino Craxi, the Prime Minister. Other parties in the coalition, notably the Christian Democrats and Republicans, oppose what they regard as an alarmist line on nuclear energy.

Premature closure of the Latina plant would be a severe setback to Italy's nuclear programme. Apart from the three existing plants, Italy has one under construction, of the boiling-water reactor type, and plans to build at least three plants of the PWR (pressurised water reactor) type.

Italy obtained a further delay yesterday of 24 hours on introduction of a European Community ban on imports of fresh fruit, vegetables and dairy products from Eastern Europe to allow time for further discussions on the safe level of radioactivity.

National experts were meeting in Brussels to decide acceptable levels, which Italy fears could affect her own farm exports to other member-states because the proposed maximum radiation levels could be lower than those already found in some Italian provinces.

France took unilateral action last night to ban imports of food from Eastern bloc countries, saying that the Chernobyl disaster had caused a safety risk for French consumers.

THE LEX COLUMN

Bull with a sore foot

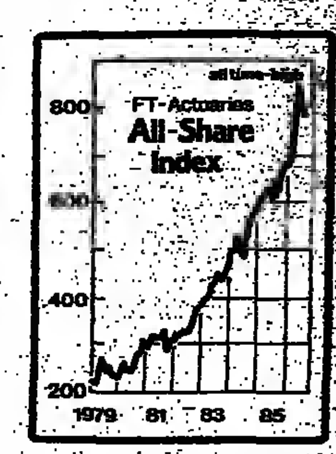
It may be no more than coincidence that the London equity market peaked at the very end of the last tax year, but the proud owners of London stockbroking firms must be asking themselves whether there is any connection between the market's conspicuous loss of momentum and the payment of large cheques to the former partners of their new subsidiaries. The enthusiasm that characterised the first three months of the year has all but evaporated and fund managers are already debating the theological distinction between a correction and a bear market.

The fall of the past five weeks is only a little over 6 per cent and premature bears will need no reminding that London has repeatedly bounced back from corrections of that magnitude in the past. Indeed, the current slide bears every resemblance to the temporary setback of last summer. The market is once again troubled by the profusion of cash calls and has probably discounted most of the short-term possibilities for both interest rates and economic output. If this week's electoral news is any kind of portent for the Conservative Government, the market could conceivably be sitting on the edge of the precipice. There may be plenty of evidence that stock markets go up under Labour administrations but, with no exchange controls to hold them back, institutional fund managers may not wait around to test the hypothesis.

Yet, for all the poor omens, the UK industrial sector still looks in remarkably strong shape. Profits growth of 15 per cent or more should be accomplished this year with ease and there is no reason to expect much of a slowdown in 1987. To judge from the widening gap between input costs and output prices, trading margins are fatter than ever and the market may not fully have discounted the benign effects of lower oil prices on the non-oil industrial sector. Oil company chairmen may be looking gloomy but the consumers of their products are wreathed in smiles.

For the present correction to develop into something a little more serious in the next few months would probably take a sustained dose of bad news from across the Atlantic. That is by no means inconceivable: the US budget and trade deficits are big enough to leave the dollar looking overvalued even after its recent fall from grace.

Index fell 6.6 to 1330.3



And if there is one factor which is almost guaranteed to stop the bull market in its tracks, it is a collapsing dollar. For the moment, though, the bull is still running, albeit with a limp.

Discount rights

Underwriting equity issues is so many people's bread and butter in the City that almost any issue will be underwritten, almost as a matter of form. Yet the need for a safety net underneath the issue ought to diminish as the price becomes less ambitious; and if a rights issue is priced at a deep enough discount to the outstanding equity, the risk that shareholders may decide not to subscribe can be virtually eliminated.

The argument is so obvious, indeed, that it is surprising how few finance directors have been willing to follow it. But recently some parts of the City have started a trend away from orthodoxy, at least where it affects their own balance sheets. Clearing banks with exceedingly depressed share prices and needing very large amounts of equity had no trouble at all last year in deciding to save several million pounds of underwriting commission. Only last week the Prudential, which has pocketed more sub-underwriting commissions than anybody can reasonably count, decided that it would make its own issue without slipping a back-hander to the other fund management institutions who are its main shareholders.

Yesterday's recruit to this boat-rocking trend, Cater Allen, has neither size nor any apparent armlock on the institutions to explain its temerity. Discount houses have not a great deal of rights-issue experience behind them — since the Bank of England used to prohibit capital raising other than emergency transfusions. But when Cater had its first bite at the equity market two years ago it was easily enough persuaded to go for a traditionally shallow discount and pay the underwriting commission; its change of mind in raising an unexpected £18.4m second round suggests that attitudes may really be starting to change.

Companies which are mainly concerned with the speed and the cost of their equity will no doubt continue to rely on the City's well-oiled underwriting machinery; the demand for underpinnings and vendor placings has never been stronger than in the present rash of takeovers. And hurried finance directors who still worry about the dilution of existing shareholders will presumably take care of the point by asking institutions who take part in placings to make some of the shares available on request to those who were left out.

For those whose main requirement is to have the money at the finest terms rather than to have it fast — the deep discount may be coming into play rather more often. In Cater's case, a rights price of 200p against the previous evening's close of [illegible], a discount of 66 per cent, should be deep enough to ensure that the capital comes in unless force majeure puts an end to trading in the money markets before the end of May. In the circumstances, Cater has achieved a clear saving of £400,000 that it would have paid to underwrite a conventional issue.

Only on the assumption that shareholders were obsessed with the absolute value of the share price, and so likely to be frightened at seeing it drop by about a third, could it really make much sense to do anything else. For if the issue is indeed taken up entirely by the shareholders, they will still own the whole company, including the new money subscribed. The deeper a discount, the larger the effective bonus element in the issue; and only the most innocent shareholders bother one way or the other about the issue of scrip.

WEEKEND FT

SATURDAY MAY 10 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

UK prisons can look like Alabama: **Jennifer Monahan** explains why.

Colour bars

Ian Pollock

COUNT THE black faces in the exercise yard at Wormwood Scrubs or Wandsworth or Pentonville and the overall impression is more like Alabama than Britain. The most striking difference is that the blacks in the London jails are prisoners. None, or virtually none, is an officer.

The scene sums up the "colour problem" (blacks call it a white problem) both in prison and out. Inside, the black presence is too large to be ignored, too different to be accommodated. *Outside*, the route to the dock starts on the housing estates of the inner city and returns to the same estates, by way of prisons. They are not the end of the line, just a part of the circuit.

The blacks in prison are the generation raised and schooled in Britain. Their parents were never a significant part of the population behind bars, even in their youth. They were—still are—more likely to go to church than prison. In one generation, a lot has gone tragically wrong, and the prison numbers reflect it.

The ratios are startling. Blacks (meaning here Afro-Caribbeans) are about 10 per cent of the population inside but hardly more than 1 per cent in the population as a whole. In practical terms, however, the overall average is less significant than the local variations. The highest black concentrations are in institutions for young offenders, notably those serving the major cities, with London in the lead. In the south-east of England, it is common for detention centres and borstals (now known as youth custody centres) to be about one-third black. The figures do not correlate with those for the capital as a whole, but they are not so very much at odds with the proportions of young blacks who live in such areas as south Brent, Brixton, or Tottenham's Broadwater Farm. The clue to the numbers inside lies with the places blacks live. Far more than whites, they are marooned in highly localised urban areas where employment opportunities have been draining away with increasing speed in the years when those in the British-born generation have been seeking their first job.

The reasons why so many young blacks go to prison are not explained by the *simplicities of the Right* ("They're all criminals") nor solved by the excuses of the Left ("They're all victims"). Research evidence shows young blacks to be disproportionately involved in street crime, and even more disproportionately likely to be picked up by the police. In prison itself, it is indicative that the word for an inmate, of whatever colour, is not "crim" but "con"—convict, not criminal. The narrower definition is a tacit acknowledgement of the limitations of criminal justice faced with the moral complexities of crime and punishment. Yet, one 17-year-old black prisoner told me: "To you, we're just all criminals and that's that."

Perhaps the worst aspect of our penal system is the growing number of remand prisoners who have not been brought to trial. Here, the proportion of blacks is even more *startling* than among convicts. Remand wings of local gaols, at least those serving London, are seldom less than 40 per cent black. The figure is over 50 per cent in the "unconvicted" (untried) wing of Ashford Remand Centre in Middlesex, where people under 21 are held. Blacks are evidently refused bail more than whites, although the precise reasons are unclear for lack of systematic research. On the face of it, the figures tally with the widely held belief among black communities that "if you're black, you're locked up more."

The blacks inside are a force to be reckoned with. Their strength resides less in numbers than in what the officers call their "herd instinct" and what white prisoners call their "sticking together." Their cohesiveness gives them cover from surveillance and furnishes a strength that other prisoners lack. (Said a white borstal boy: "If you take on one, you know you're taking on the lot!") In establishments for under-21s, the black boys tend to be bigger and fitter than whites; conscious of their power to intimidate, they push it to great lengths. A lad in Ashford with the physique of a heavyweight boxer described the pattern: "The ones in here who don't know get hassled. They get their half-ounce of tobacco and their radio took off them, and all that game . . . Who takes it off them? (with a grin). People like me."

In adult prisons, the blacks are not proportionately so many and they are faced with a counter-weight in the shape of the "gangsters"—the professionals, mainly white. The groups tend to keep their distance, and use unobtrusive methods to sort out their differences (which often revolve round cannabis, the leading currency in the prison barter economy). The big communal bust-up is more a feature of the youth custody centres. Its inflammatory ingredients, however, are youth, boredom and frustration, with race only one in a number of sparks. "Everyone longs for a really *good riot*," explained one young black prisoner on release from a Midlands YCC.

> The recent violence has put Britain's jails under a harsh spotlight. But overcrowding is only one of the problems; the disproportionate number of black inmates is becoming an equally explosive issue.

In their relations with prison officers, the blacks cause much vexation. Most of them are bi-lingual, in patois and Cockney, but the former is their chosen tongue when within earshot of white authority. The young adult blacks are also masters in the art of what American prisoners call "dog-facing"—draining the face of all expression when the man in uniform goes by, as though he does not exist. The effect is devastatingly *offensive*. And the blacks, more than the whites, resist regimentation. They are somewhere else on the wing when wanted, asking for something when not wanted. They take longer in the recess (washing area) and are last in their cells for "bang-up." They make a din, they turn a queue into a straggle, they demand rice instead of potatoes, and they will not eat pork. In short, the blacks do not and will not fit in. But that, unfortunately, is not the whole story.

The black person in prison is punished *differentially* by the mere fact of being different, whether or not his behaviour is intentionally offensive. Institutions built, run and staffed by the majority are neither by nature nor inclination attuned to minority needs. Penal institutions are not just authoritarian but profoundly conservative, with the somewhat xenophobic conservatism of the British working class: the average uniformed officer does not like foreigners, be they Home Office officials, journalists, or "coloureds."

Urban jails are also under immense pressure just keeping up with the most basic physical needs of grotesque numbers in conditions of overcrowding that would not be legal *in a zoo*. Staff have to work in these conditions and have little patience with demands that complicate routine procedures.

The Prison Department insists that today's penal institutions are multi-racial, multi-ethnic and multi-cultural; and, on paper, there is indeed quite a bit of give. The rule-book no longer demands short-back-and-sides—a concession to the Rastafarians, but everyone benefits. Dietary adjustments are permitted for recognised minority religions, which have long included Islam but, somewhat inconsistently, do not officially include Rastafarianism. The canteen—weekly shop—is instructed to stock products used by blacks. But the resources for seeing through these guidelines are normally inadequate and seldom appropriate and a truly multi-ethnic approach would require a revolution in prison economics. Diet is the outstanding example. "We can't have them all giving up pork," wailed a YCC governor. "The prison farms grow nothing but pigs!" (Some of which, in addition, win prizes at Smithfield.)

Race relations sessions are now included in training for all grades of prison staff. In each jail, a senior member is designated "race relations liaison officer," with responsibility for improving practices inside and for building links outside. If the RRLO is committed, energetic, and backed fully by his governor, he can make some impression. But established prejudices at landing level are not dislodged easily. Club chat about "our coloured brethren" is as crude and puerile among prison officers as in the notorious "canteen culture" of the police. Casual racism is not just the norm but the *fashion*. It is not created by the job, but it certainly would find less fertile ground in a different and less isolated environment. The jokes and innuendos help to cement the group against the perceived threat the blacks represent, and against an outside world which—as the officers see it—cares more for prisoners than it does for them.

In their views on race, as on most issues, the men in uniform demonstrate a herd instinct every bit as pronounced as that of the blacks, and even the good officer does not break rank. Governors often claim that, whatever an officer might *feel*, he would never show it. And calling a prisoner "you black bastard" tends to be regarded by supervisory staff as "only joking." Yet, according to one black inmate: "They laugh and smile at you but deep in their heart, deep down *in their* heart, you know that they mean what they saying . . . I find it difficult to keep my cool. When I find I want to explode, I just say, 'No. Can't explode.' Because if I explode I will lose my job and go in the (punishment) block."

As a rule, the young whites consider the blacks "pushy," but claim they know how to stand up to their "silly tricks," having grown up alongside them. Older white prisoners, on the other hand, tend often to share the officers' ignorance and their racial attitudes. But the vast majority of prisoners have no hesitation about where they stand in the last resort. "If it did come to a battle," said a white in Wormwood Scrubs, "it wouldn't be no black and white thing. It'd be cons against screws, us against them." Another young lag added: "Everyone hates the geezer with the key in his hand."

The real racial outsiders in prison are neither white nor Afro-Caribbean, but Asian. Those who land up in youth custody have a wretched time from whites and blacks alike, as in the world outside. The Asians are talked about in terms of naked hatred. "Why?" I asked a black. "*Because they're different*," he said.

The Asians *are* different, but not all their youngsters are today behaving as quietly as people imagine. The popular image of Asians is of the successful entrepreneur at one end of the spectrum, the victimised Bengali in London's East End at the other, and the broad mass in the middle peacefully minding the corner shop. But British-educated boys —Punjabi, Gujurati, Sikh—are showing recognisable symptoms of disaffection and causing their elders the same despair as West Indian parents have long felt over their own children's disrespectful mores.

Gang rivalries and theft by young Asians are noted with growing concern by police juvenile bureaux and community workers (themselves often Asian) in parts of London and the Midlands. Relations between Asian youths and the police in many urban areas bear all the familiar danger signs. Although relatively few Asian boys (as yet) are showing up in prison, more than before are starting to be involved in the various agencies associated with *criminal justice*.

Whatever the race, colour or creed of the offender, prisons are uniquely ill-fitted to wean him off lawlessness. They are themselves shockingly lawless, not by accident but institutionally. The rule of law still has remarkably little say in the ordering of prison justice which remains secret, *discretionary* and arbitrary despite repeated successful challenges in the European Court of Human Rights in Strasbourg. (The court's judgements are applied but, behind the wraps of the Official Secrets Act, *they cannot be verified*.) Neither physical standards nor daily regimes inside are subject to legal regulation. No court of law restrains the number squeezed into cells built by Victorians for single occupancy. If custody continues to be used at the present rate, the new prisons are predicted to become overcrowded, *too*, increasing Britain's unenviable lead as the Western European state with, proportionately, the highest jail population (without a commensurate discrepancy in rates of crime).

Most people working in penal institutions acknowledge that the prison system reinforces cynicism, among staff as well as prisoners. All agree that prison is the "university of crime." One YCC governor argued openly that "the real training here remains contamination" — at a cost of £1,600 per month per person. Whatever prisons are expected to achieve, staff know it cannot be done. "Punishment! Rehabilitation! That's all nonsense!" snorted a senior officer at Winson Green, Birmingham. "Far as we're concerned, we just hold them." A prisoner in a London local jail reflected angrily, and accurately: "This ain't punishment. This is revenge." Prisoners have no reason to respect a law that affords them so little respect. Black prisoners, in addition, face the poison of racial disrespect.

The long-term impact of prison on *Afro-Caribbeans* is potentially vast, given the proportions going there. British-born Asian youths seem now to be on the threshold of the same contaminating experience. Given the immense differences in culture, language, religion and family structure between people from the West Indies and people from the sub-continent, alienation and lawlessness among Asian youths are hard to explain, except by the only two characteristics young Asians and West Indians have in common: namely, being second-generation *immigrants*, and not being white.

The Long View

Not with a bang but a whimper

The deflation of the bull market is worrying investors—wrongly; but the deflation of the dollar and its role is a real problem, argues Anthony Harris

THE CORRECTION in the stock market in the past two weeks, like the correction of the dollar in the past 14 months, is entirely welcome. The financial markets now seem alert to reality, rather than careering over the horizon to their own marching song, and are correspondingly less dangerous.

This does not, of course, mean that either correction is necessarily complete; but there is much more reason now to hope that both corrections can be achieved in an orderly way rather than in a destructive panic. T. S. Eliot's memorable phrase about the end of the world was hardly meant to be optimistic, but it seems to fit.

What did end with a *bang*, tragically, was the Soviet nuclear plant at Chernobyl, and this might have had something to do with the subdued mood on both sides of the Atlantic. While most comment has concentrated on the human and technical disaster, the full measure of which we still do not know, the markets quickly recognised that this was also a significant economic event.

Indeed, it is a disaster for the Soviet economy, which has suddenly lost a substantial part of its existing nuclear capacity and will be facing energy problems for years to come. In the Western democracies, future progress in the nuclear field will certainly be hampered. Both these factors have helped to make oil prices much firmer and so damped some of the irrational euphoria over the oil price collapse.

However, the reason the market responded was that it was already getting a little world economy as a whole. nervous about events in the Readers of this column may have felt, when they read of falling US output and factory orders, or of the problems of British exporters among their *oil-producing* customers, that they had heard this story somewhere before. The bull marketeers, who had quite uncritically accepted the gospel of joy through disinflation, seem to have been taken by surprise.

Even if this were a normal trade *cycle*, a pause at this stage would be entirely according to the form book. The world does not proceed from one boom to the next without interruption. The factor which drives down interest rates and revives construction and long term investment is slackness, not boom; the good news is that the growth recession still looks very mild.

However, the present cyclical correction will probably be relegated to a footnote in the economic histories, for the world is now at a much more important turning-point — the end of half a century of dollar domination. The world financial system has always centred round an economy with a strong international asset position, a strong currency, and a basic balance of payments deficit which enables lesser members to service their debts and acquire reserves.

When Britain dropped out in the late 1920s the US, with its persistent international investment drive and expansive monetary policy, was ready to take over. All the same, this passing of the baton was not achieved *smoothly*: American expansionism was overdone and the result was financial mania followed by collapse.

The fear that this particular nightmare might be repeated now looks exaggerated; we have been flirting with financial mania, but the disease seems to be restricted to some of the professionals — notably the investment banks and futures markets of the US—who have used the flood of government paper released by President Reagan's deficit as an unlimited supply of poker chips. We can only hope that the biggest players really are professional.

There is an economic as well as a financial problem, though; the Americans have arrived carrying their baton but nobody seems to have a hand outstretched to pick it up. The Japanese and the Germans are acquiring the international assets but seem quite unwilling to live partly on the proceeds, as a good reserve centre should. The only currency which it is easy to acquire through trade is the devaluing dollar.

This situation demands the most delicate management by the Americans as our occasional contributor David Hale has pointed out in a long and deeply interesting circular this week. Their efforts to persuade the new reserve centres to stimulate their economies through government policy have so far failed, as the summit confirmed. The Americans must therefore do what they can through monetary policy.

In theory, this looks simple; when the US cuts interest rates the Japanese are constrained to follow them down, for fear that the yen will rise even higher. This helps to stimulate markets and real investment, but it also risks further weakening an already weak dollar. Investor demand for Wall Street paper is increasingly dependent on the hope that interest rates are still falling—a hope which must be kept alive but never satisfied. A ticklish business indeed.

This story, like a game of Cluedo, has alternative ends. One suggested by Hale is that private investors become too disillusioned with the dollar to finance more than a fraction of American demands for foreign capital. The German and Japanese central banks will then face a Hobson's choice between buying dollars and losing control of their own money supply, as in the 1970s, or standing back to permit a real dollar panic. Either way, they lose competitiveness.

An alternative end, suggested by the events of the past few weeks, is that the US deficit is reduced much faster than most forecasters have suggested, through a combination of higher personal saving, improved competitiveness, and the great American stay-at-home started by the raid on Tripoli.

In that case, the fiscal puritans of Bonn and Tokyo will discover whether their policies are as effective as they like to boast when deprived of US demand, or whether they have indeed come to the end of an enjoyable free ride financed by US borrowing. If that experience persuades them to bring the rhetoric of Tokyo to life and join in world-wide economic management, then this would be the happy alternative ending; but it looks as if it will take some pain to drive home such a message.

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Libya and Chernobyl make investors wary

AS THE London market continues to slip, the equity analysts are standing up to be counted — has the bull turned into a bear? "No," said one analyst, overcoming a nervous giggle. "If the market was overbought a while ago it is now a little oversold, nothing has changed with the fundamentals and it will take a good deal more than a few percentage points' fall to signal a real retreat."

Over the week London and New York appear to have been affected by rather different moods. While the FT All Share Index was off 23 points to the 789 region, Wall Street held up better to end the week a touch ahead.

The divergence in the two markets points to the influence of local factors plus a difference of interpretation over the dominant international ones. In London, Libya plus Chernobyl have had a dampening effect — especially as US fund managers appear to be staying at home.

As to special factors, the local election results, following on so closely the Fulham by-election, have suddenly made the market a good deal more concerned over the prospects for the next general election.

In addition the new tax year has begun with a strong selling trend by the larger companies — some major stakes have been sold off and there has been a spate of rights issues. Having to pay up to maintain holdings in chosen investments, the institutions are more short of cash than for some time and there are few major takeover battles in the active phase to compensate for this.

Trafalgar House has discovered that there are no prizes for coming second, something which it has done rather often during the past year. Whether in the tender race for the cross-Channel link, the second bridge over the Bosporus, or in picking between Haden, French Kier, Wimpey, or John Brown as to how best to spend its February 1985 £175m rights proceeds, the market has been left with a growing feeling that the group has lost its touch.

Since the August 1985 rescue, when Trafalgar bought 29.9 per cent, John Brown's share price could be drawn with a ruler—and the line would run almost straight through the 30p level implicit in Wednesday's £56m agreed all-paper bid from Trafalgar for the 70 per cent of the engineering company it does not own.

Clearly last summer's £70m injection from Trafalgar, the banks and John Brown's own shareholders, kept the patient alive, but something more was going to be needed if he was ever to walk again.

So having spent a lot of time and money on John Brown in the past nine months, Trafalgar House has plumped for the company it has come to know best and over which there will be no struggle.

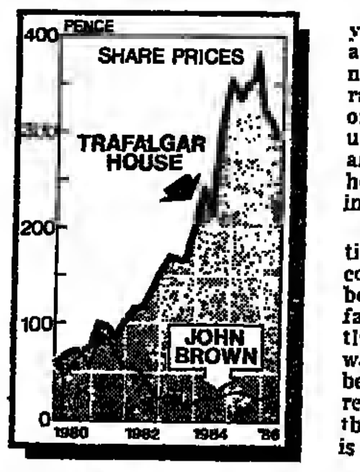
In the City many analysts are convinced that the worst is over for John Brown and argue that it is now on the recovery track. While a loss of some £3m is likely for the year to March, the volume of new contracts looks interesting.

London

However, the cautious point to the increased exposure the expanded group will have to the North Sea and add that John Brown will be bringing some £30m in net debt to the party, taking the enlarged Trafalgar's capital gearing up towards the one-third of shareholders' funds level by the year end.

As well as announcing the offer for John Brown, Trafalgar also produced its interim results this week. The £72.7m pre-tax total was considerably buoyed by a £41.4m contribution from property and investments (including circa £8m from the sale of the French Kier stake) and a tripling to £15.3m on the passenger shipping side.

For this year as a whole the market is hoping for £155m pre-tax for Trafalgar and the



optimists are already pointing towards £170m-plus for 1987.

With the shares now £1 below November 1985's high, at just under 300p, the prospective multiple is 8½ and the yield 6.3 per cent. The outlook is for the dividend payout to be progressively boosted so that the 18 month task of getting the acquisition up and running is cushioned by a yield approaching twice the sectoral average of 3.8 per cent.

As the market has been dropping, Marks & Spencer has done a better job than most in resisting the trend. By comparison, Harris Queensway has not been faring so well, losing around 40p in just over a week—although a £72m two-for-nine rights issue announced along with the results on Wednesday did most of the damage.

M&S on Thursday produced 20 per cent growth to hit £366m, while Sir Philip Harris' stores, with the help of an extra month now that the year end has been moved to January 31, were 35 per cent ahead at £37m.

Both store groups are enjoying benefits from their charge card arrangements. Marks has 1.1m customers aboard its scheme, and such credit purchases now account for around a tenth of turnover with more to come before the peak is reached. Harris Queensway's card is managed by Lombard Tricity and the scheme is being expanded, under the name Impact, as from this month to all the group's stores with the exception of the units inside Debenhams.

With the rights proceeds, Harris Queensway's balance sheet will be considerably strengthened. Net debt by the end of January is estimated at just over £23m and the £4.6m against £0.7m in 1984 in net interest payments seen in last week's figures should fall to zero in the present year in spite of a £50m capital spending programme.

On forecasts of £50m for this year, Harris Queensway's shares are on a prospective multiple of 14. While this may look rather cheap given the outlook of 20 per cent earnings growth, uncertainty over the group's ambitious expansion plans is holding back many from making buy recommendations.

There are no such reservations as far as M&S is concerned. The greater the likelihood of the market's overall fall continuing, the more attractive a shift in weighting towards the sector leader will become. Buying ahead of the results was strong and some of the small drop in recent days is certainly due to profit-taking.

At 202p and on forecasts of £450m, Marks' shares are on a premium rating of 20 which will not be harmed by Lord Rayner's forceful denial of any intention to have a rights issue. The £300m 1986 slug of the group's £1.5bn four-year expansion plan is being paid for out of cash flow, and the new-look stores with their calming interiors are exciting the sales figures up over the £4bn level for this year.

Terry Povey

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Share Index	1,330.3	−52.6	1,425.9	1,094.3	Confidence ebbs in uncertain markets
Chinese 5pc 1925 Boxer	£26	+16	£30	£10	Debt repayment hopes
Aitken Hume	172	+22	182	128	Share exchange bid from Tranwood
Berisford (S. and W.)	215	−28	258	133	Fears of bids being referred to MC
Diploma	283	−77	368	270	Disappointing interim results
Egerton Trust	85	+20	85	48	Speculative demand
Harris Queensway	232	−44	316	202	£71.6m rights issue
Henderson Group	200	−37	258	200	Adverse Press comment
Hoggett Bowers	*108	+20	108	49	Blue Arrow bid speculation
Ladbroke	316	−26	389	312	Chart "sell" advice
Park Place	335	+75	335	225	Bid from Welters Samson Group
Pearl Assurance	£13¼	− 0¾	£14¾	£12	Fears over personal pension business
Rank Organisation	589	+40	589	420	Revived speculative demand
Rowntree Mackintosh	510	−30	540	390	Fading bid hopes
Samuel (H.) A	118	+31	129	72	Bid approach from Ratners
Sears	114	−12	148½	104	Ahead of Tuesday's annual results
Simon Engineering	258	−24	302	180	Fading bid hopes
Tozer Kemsley	200	+14	228	61	Acquisition/expansion hopes
WSL	176	+25	178	118	Expansion hopes

* Price at suspension.

Shooting for the big time

AS LEONARD Steinberg tots up the takings this evening from today's all-Merseyside cup final, he will have a pressing concern on his mind. Mr Steinberg runs a Liverpool-based chain of betting shops and he is getting his company, Stanley Leisure, ready for a stock exchange quote late this summer—but he still does not know if it will find itself on the USM or the main market.

With a likely capitalisation of about £12m, Stanley is only a shade over the average size of USM companies, which is about £11.5m. However, it is one of a growing band of small companies which are shunning their rightful place on the USM, preferring to shoot straight for a place on the main market.

Despite its preferences, Stanley is likely to wind up on the USM. It will be joining the market through a placing of shares, and the present £3m placing ceiling would mean that fewer than the 25 per cent of shares required for a full listing would be released. Only if the Stock Exchange's plans to raise the ceiling to £25m go into force in the next few months will Stanley Leisure find itself listed alongside Ladbroke.

Since the beginning of this year there has been a surge of small companies valued at £20m or less joining the main market. Four of these have been worth under £15m on flotation and two less than £10m.

The most audacious was Technology Project Services (TPS), a company which would seem to fit the USM sterotype perfectly, but which got a full listing earlier this week.

Capitalised at less than £7m, the company is a glamorous people business. It is the product of a management buyout two years ago and makes annual profits of less than £750,000.

Michael Doubleday, the managing director, is in no doubt that the company made the right decision in skipping the junior market. "If you are going to float at all, you might as well go first class," he says.

USM

UNLISTED SECURITIES MARKET

"In any case, our growth potential justifies a full listing."

Dalepak, a company which makes up-market meat burgers and which came to the market last week, might also have fitted happily into the USM's specialist food sector. However, Peter Holley, the group finance director, argues that "the USM was a step we could avoid. It would have been like doing the job twice."

The company, which is valued at under £12m, plans to make acquisitions and Holley thinks this will be easier with fully listed paper. "Rightly or wrongly, USM paper is considered second rate," he says.

The reasons that companies are giving for preferring the main market contain nothing new, making it odd that the trend has not emerged until now. It might be due to concern about the future of the USM after the Big Bang hits the Stock Exchange in October. But as Geoffrey Douglas from Hoare Govett points out, it is by no means certain that small companies will be any better off on the main market post-Big Bang than on the USM, where they tend to be more viable because the market is smaller.

In the market's early days, those who chose the USM could get more for their companies as ratings were higher. That is no longer the case. Indeed, if a company fills the requirements for a full listing the only major disadvantage is the cost of entry, which could be about £150,000 higher.

In the first quarter of this year only seven companies joined the USM, fewer than in any quarter since the market began. Although activity has picked up over the past six weeks, a total so far this year of 18 is still well below the 30 that had joined by this point last year.

In a survey on the USM published this week by Peat Marwick, Alan Comber, the partner in charge of the USM, argues: "Although there is no evidence that the prospective entrants themselves have lost any enthusiasm for a public flotation, there are some signs that companies which would have selected the USM a year ago are now choosing a full listing."

While little companies have been seeking full quotations, some rather large ones have been joining the USM because they do not meet the rules of the main market. Last week a USM flotation of Monotype valued the company at almost £30m. The company, which has been making printing equipment since 1897, was prevented from joining the main market because it did not have five years of fully audited figures behind it.

Wickes, the £40m DIY chain which joined the USM earlier this year, did so because its parent company did not want to release 25 per cent of its shares, and for the same reason the giant US cookie company, Mrs Fields, is poised to descend on the USM this summer with a likely value of £200m.

Lucy Kellaway

Oil giants stave off the slump

DESPITE all the doom and gloom being bandied about the oil industry the three oil companies reporting first-quarter results next week—British Petroleum, Royal Dutch Shell and Ultramar—should have been able to stave off the worst effects of the plummeting oil price until later in the year.

The City anticipates relatively buoyant performances from both BP and Shell, with the companies producing net income (replacement cost) of £550m and £1,025m respectively and net income (historic cost) of minus £100m and £325m when they report on Thursday.

Although the upstream activities of both companies will bear the brunt of the spiralling oil price, because so many of the contracts for the first quarter were negotiated in advance, in the halcyon days of oil at $27 a barrel, the full effects will be postponed until the second and third quarters.

Shell will also have benefited from the timelag between oil price movements and those of the gas it supplies to Continental Europe from its Dutch gas fields.

Similarly in downstream activities both BP and Shell will profit from a few weeks of reduced costs before the reduction in prices at the petrol pumps. BP should also be buoyed by its more aggressive marketing and the rationalisation of the last year or so.

Ultramar's prospects are a little duller with the City expecting net income of £15m from its results on Wednesday. Although North Sea earnings will, inevitably, have suffered, and losses on oeseta loans could amount to £5m, Ultramar can conjure compensation in the form of a sharper performance from downstream activities in Canada and the (temporarily) strong price secured from sales of Indonesian LNG to Japan.

Thus far Ultramar's share price has been supported by the presence of New Zealand predator, Ron Brierley's 8 per cent stake. While BP and Shell have been sustained by the longer-term security of prospective dividend increases.

A strong recovery is expected from the composites which

Results due next week

announce their quarterly results this week. All will have enjoyed strong rate increases especially in the US, while in the UK fire losses and bad weather claims should be down compared to last year's high figures.

Commercial Union, which reports on Wednesday, is expected to show the biggest profit of about £12m (loss £17.5m). CU signalled at the agm that it would be in the black in the first quarter, and benefits from a relatively high exposure to life insurance which makes its results less than others in the sector.

By far the largest recovery will be scored at Royal, which brings out its results on Thursday. Last year's loss of £37.3m should have been translated into a profit of £9m, chiefly by dint of much lower claims in the US.

The only one of the three expected to remain in the red is General Accident, which is forecast to announce a £4m loss on Wednesday, an improvement of £14m since last year. The company will have been held back by its personal motor business which worsened during the first quarter.

The outlook for all three is bright, with further rate increases likely, and with little sign of any return of capacity to the market.

The City is bracing itself for a pedesterian performance from Grand Metropolitan when its interim results are unveiled on Wednesday. Analysts have already downgraded profit projections to around £138m.

In the US Grand Metropolitan has suffered from the combination of lack lustre consumer sales and the sharp increase in insurance premiums for Pearle. The adverse dollar exchange rate will detract from the overall US contribution.

Meanwhile, the European hotel and leisure activities have been dealt the double blow of miserable weather throughout the year, and the more recent terrorist threats, which have chased the Americans away.

Now that BOC is restating its figures on a constant currency basis it is easy to gauge the group's underlying progress. This is not expected to have been strong in the first half, with some erosion of the 15 per cent growth achieved in the first quarter. The City is expecting about £83m pre-tax on Monday for the first six months, compared to a restated £75m.

The second quarter will have been hurt by stock losses in the carbon graphite business due to the fall in oil prices, which will mask a slightly better underlying trading performance, helped by a much more favourable $/Yen rate.

In the US, Airco should have had a much stronger quarter in graphite electrodes, although industrial gases are likely to have made little if any advance.

The results of African Oxygen and CIG in Australia have already been announced, and show powerful increases of 35 and 23 per cent in local currency terms.

Unilever spent much of 1985 in the throes of restructuring, particularly within its European operation. That programme is now completed and the benefits should filter through to the company's first quarter results, producing profits of around £210m on Wednesday.

Although Unilever has not had to repeat last year's intense promotional expenditure in the US to protect Whisk from Procter and Gamble's liquid Tide, marketing costs are still high and could have stifled profits growth for 1986.

In Europe, by contrast, the company should benefit not only from the fruits of restructuring, but from reduced raw material costs and from the wet, windy winter which boosted sales of animal feed products.

Among the other companies reporting next week are: Sears with preliminary and Smith and Nephew with interim results on Tuesday and Land Securities with preliminary results on Wednesday.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Bank of Ireland	Thursday	5.5	12.0	8.5
Chesterfield Properties	Tuesday	4.0	6.5	4.5
Comprehensive Financial Services	Friday	—	0.7	—
Delyn Packaging	Monday	1.0	1.5	1.0
Dupont	Wednesday	0.33	1.0	0.8
El Oro Mining and Exploration Co.	Thursday	—	4.2	—
Exploration Co.	Thursday	—	2.1	—
Feedex Agricultural Inds.	Monday	—	0.5	0.5
Heath, C. E.	Thursday	6.0	16.0	7.0
King and Shaxon	Monday	2.5	5.75	2.5
Kingsley and Forester	Monday	—	0.5	1.0
Land Securities	Wednesday	—	—	—
Mappin and Webb	Wednesday	—	—	—
Morris, William Fine Arts	Tuesday	—	—	—
North Sea and General Oil Invests.	Tuesday	—	—	—
Outwich Investment Trust	Monday	1.0	2.0	1.1
Parkland Textiles	Tuesday	1.5	3.2	1.5
Ramco Oil Services	Wednesday	0.25	0.45	0.25
Runciman, Walter	Tuesday	2.5	2.5	2.5
Sears Engineering	Friday	0.8	0.9	1.0
Steaua Romana	Wednesday	—	—	—
Tysons (Contractors)	Monday	—	2.5	—
Warnford Investment	Friday	6.5	8.0	7.0
Yorklyde	Friday	2.25	3.75	2.75
INTERIM DIVIDENDS				
Associated Energy Services	Monday	—	1.0	
Baggeridge Brick	Wednesday	2.25	4.625	
BOC	Monday	3.85	5.53	
British Petroleum	Thursday†	—	—	
China and Eastern Investment Co.	Wednesday	—	—	
Commercial Union	Wednesday†	—	—	
Cancentric plc	Friday	1.35	2.35	
English China Clays	Thursday	4.0	7.0	
General Accident Fire & Life Assur.	Wednesday†	—	—	
Grand Metropolitan	Thursday	3.63636	5.45455	
Holmes and Marchant	Tuesday	—	2.2	
NSS Newsagents	Wednesday	1.35	2.25	
Radio Clyde	Thursday	1.25	2.0	
Royal Dutch Petroleum	Thursday†	—	—	
Shell Transport and Trading	Thursday†	—	—	
Smith and Nephew	Friday	3.25	3.25	
Ultramar	Wednesday†	—	—	
Unilever	Monday†	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † First quarter figures.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.97	2.88	monthly	1	—	0.7
High interest cheque	7.60	7.82	6.06	4.41	quarterly	1	2,500 minimum	0
3-month term	6.94	7.12	5.52	4.01	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.25	8.25	6.39	4.64	yearly	1	5,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	10,000 minimum	0
90 day	8.50	8.68	6.72	4.89	half yearly	1	500 minimum	90
Premium	8.42	8.69	6.73	4.90	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.17	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	9.00	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.01	8.17	6.33	4.60	half yearly	1	2,500 minimum	0
Schroder Wagg	7.66	7.81	6.05	4.40	monthly	1	2,500 minimum	0
Provincial Trust	8.04	8.34	6.46	4.70	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	8.60	6.33	5.08	3.90	half yearly	4	—	0
10% Treasury 1990	8.79	5.96	4.40	2.94	half yearly	4	—	0
10.25% Exchequer 1995	8.96	6.13	4.56	3.10	half yearly	4	—	0
3% Treasury 1987	7.13	6.23	5.73	5.26	half yearly	4	—	0
3% Treasury 1989	6.53	5.61	5.10	4.62	half yearly	4	—	0
Index-linked 1990¶	7.60	6.95	6.59	6.25	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Aitken Hume	198	172	158	90.82	Tranwood
APV	575	552	350	181.80	Siebe
Assoc Heat Srvcs	490*§	492	440	39.20	Cie General de Chauffe
Benford Concrete	84‡§	79	83	18.73	BM Group
Berisfords	130§	130	112	7.12	Allied Textile
Berisford (S. W.)	232	215	230	444.18	Hillsdown
Biddle Hldgs	160*	160	165	6.40	Kone (UK)
Brown (John)	29½§	28	23	79.83	Trafalgar House
Brickhouse Ddley	148§	142	112	22.83	Glynwed Intl
British Vending	112	110	67	11.94	GKN
Burnett & Hallam	21½	18½	22	8.32	Anglo Utd Dev
Chart Flks Lynch	122	130	90	4.85	Cowan de Groot
City & Forgn Inv	128	129	115	5.12	Harvard Secs
Clive Discount¶	50*	49	47	11.95	Bache Group
Coin Inds	106½	102	95	12.25	Burgess Products
Ctry Gentlemans	£10½§	£13½	775	8.03	Bestwood
Ctry Gentlemans	£12½	£13½	775	9.13	Fredericks Place
Dixon (David)¶	334	330	325††	6.07	Gelfer (A. J.)
First Security	150*	150	140	18.00	Brit Car Auction
Hambro Trust	340a	335	290	51.14	Hambros
Kenning Motor	336	326	173	142.14	Tozer Kemsley
Land Investors	76*	73	73	74.05	BCPH
Marshalls Unvrsl	78	78	82†	14.84	British Syphon
McKechnie Bros	242	242	232	145.89	Evered
Moss (Robert)	138	134	97	27.00	Bunzl
Park Place	335*	335	308	44.96	Welters Smsn Gp
Pegler-Hattersley	572§	608	472	174.81	Tomkins (F. H.)
Petranol	74§	60	74	10.12	Inoco
Promotions Hse¶	34	34	23	8.52	WEP Group
Protimeter	83*	80	47††	4.76	Bowthorpe
Raybeck	47½*	46½	44	17.43	Legibus 687
RFD Group	180	185	120	24.53	Wardle Storeys
Roberts Adlard	268	250	230	12.88	Bowater
Rotaflex	281	348	210	31.07	Emess Lighting
SGB Group	329§ §§	350	324	146.69	Mowlem (J.)
Staffs Potteries	140	137	122††	7.88	Coloroll
Staffs Potts Pref	350	335	255††	5.62	Coloroll
Stndrd Chartered	750†§	810	873	1.167bn	Lloyds Bank
Stndrd Fireworks	144‡§	143	135	8.10	MY Dart
Stock Conversion	713	720	705	393.75	P & O
Wedgwood	320	353	343	145.15	London Intl Grp
Woolworth Hldgs	648	805	633	1.440bn	Dixons Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on May 9 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended. || Swedish kronor. a Cash offer; alternative paper offer made.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bairstow Eves	Dec	5,110	(3,060)	6.4	(5.3)	4.9	(1.71)
Barker & Dobson	Dec	5,820L	(1,430)L	—	(—)	—	(—)
Blilton, Percy	Sept	10,650	(10,190)	20.3	(17.4)	11.08	(10.5)
Edmond Hldgs	Dec	95	(376)	0.2	(0.9)	0.2	(0.33)
Fisher, James	Dec	3,050	(2,850)	6.7	(11.1)	3.3	(3.2)
Harris Queensway	Jan	36,900	(27,300)	15.1	(11.5)	5.0	(4.0)
High Gosforth Pk	Dec	82	(36)	72.0	(37.0)	15.0	(15.0)
Hollis	Dec	770	(863)	—	(—)	—	(—)
Lee Cooper	Dec	8,100	(8,910)	24.6	(19.8)	4.2	(3.68)
Liberty	Feb	3,500	(2,600)	29.3	(20.3)	7.8	(6.4)
Molynx Hldgs	Dec	243	(122)	8.5	(4.5)	1.5	(1.0)
Nationwide Leis	Oct	762	(843)	8.9	(12.0)	2.5	(0.5)
Nurdin & Peacock	Apr	15,720	(13,160)	12.0	(11.0)	4.05	(3.35)
Nu-Swift Ind	Dec	6,290	(4,510)	7.5	(5.2)	3.5	(3.0)
Renwick Group	Dec	2,550	(1,599)	13.8	(5.1)	—	(—)
Rush & Tomkins	Dec	3,160	(3,050)	20.8	(22.6)	8.45	(—)
Silentnight Hldgs	Feb	270	(2,230)	0.6	(6.3)	1.0	(2.75)
Wace	Sept	284	(233)	4.2	(3.5)	—	(—)
WA Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividend* per share (p)	
Diploma	Mar	5,590	(7,810)	1.25	[illegible]
Low Entertainmnts	Feb	185	(170)	—	[illegible]
Prestwich Hldgs	Jan	2,220L	(610)	0.5	[illegible]
Rodime	Mar	1,200	(8,000)	—	[illegible]
Telecomputing	Sept	407	(366)	0.65	[illegible]
Whessoe	Mar	1,370	(2,025)	2.5	[illegible]

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

RIGHTS ISSUE

Harris Queensway—To raise £71.6m through a two for nine rights issue at 270p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Monotype—USM offer for sale of 7.5m shares at 157p.

Worcester Group—USM placing of 0.8m shares at 110p.

Bulls brace for four-year hitch

TO THE extent that unanimity is possible in such matters, Canada's investment experts are bracing themselves for a break in the Toronto Stock Exchange's record-breaking four-year bull market.

Charles Winograd, senior vice-president for research and trading at Richardson Greenshields, a leading securities firm, sums up the prevalling mood: "I tbink the TSE could go a bit higher, but most of the individual stocks are pricey."

"Many institutional investors have already begun to lighten their equity portfolios and build up cash balances. Short sales are at record levels and put options (which protect holders from falls in share prices) have become increasingly popular in the past few months.

David Williams, who oversees pension fund management for Beutel Goodman and Co, a Toronto investment counselling company, observes that "the market is becoming quite fully valued." He argues that shares of medium-sized and small industrial companies, in particular, "are being given multiples which discount several years of very good earnings ahead."

Why, then, doea the Toronto market remain so buoyant? The TSE 300 Index broke new recorda on seven of the first 18 days in April, reaching an all-time high of 3,129 on April 18. By then, the market had risen by almost 8 per cent since the beginning of the year. The climb would have been even steeper were it not for falls of 22 per cent in the oil and gas index and 19 per cent in the pipelines sector.

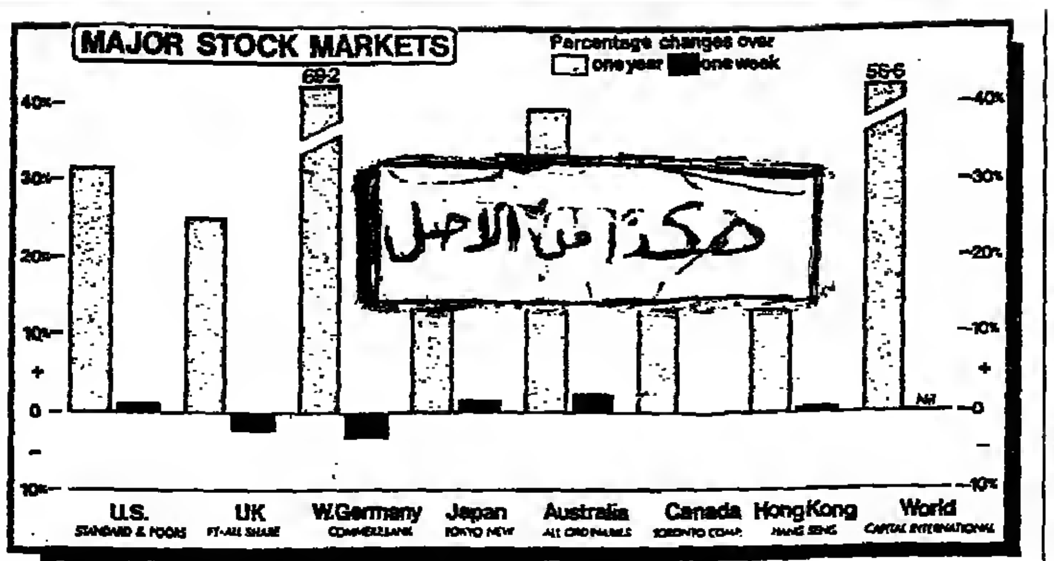
Although the steam has gone out of the market in the past three weeks, it by no means gives the impression of being on the skids. The TSE 300 is still less than 2 per cent below the April 18 high. Both the supply of new issues and demand for them remain strong.

Linamar Machine, a preciaion machining company which went nublic in mid-January, has seen its share price rocket from

Toronto

C$6.75 to thia week's record of C$19. At least a dozen new issues are in the pipeline.

Despite their cantious views on near-term prospects, institutions hsve a lot of money to spend. Cash settlements in some of Canada's biggest takeover bida have put about C$7bn into investors' *pockets. Most* has come from the tobacco and drugstore group Imasco, which recently bought control of the financial services and industrial company Genstar: and from Gulf Csnada's C$3bn takeover of the drinks and energy company Hiram Walker.



In addition, securities firms' retail business is booming as small investors belatedly try to get a slice of the action. The stockbrokers have done little to discourage them, warning of the risks but still recommending a raft of shares and arranging frequent seminars on the ins and outs of equity investmeot.

Some sectors have benefited from a reassessment of their business prospects. Shares of forestry and paper companies hsve soared by 35 per cent since the beginniog of the year aa lumber and pulp prices have improved. Macmillan Bloedel, the big west coast forest products company, this week reported an elevenfold jump in first-quarter earnings, justifying the near-doubling of its sharc price in the past year.

Patrick Mars, of Alfred Bunting and Co, is one of several analysts who has recently advised clients to start buying shares again in MacBlo's parent, Noranda. After a period of heavy losses, Noranda—likc several other Canadian companies—is expected to benefit from ssset disposals and other debt reduction measures.

Several of the forces which have driven North American stock markets upward in the past few years are still in evidence. Canadian interest rates are sliding after a jump earlier this year to defend the weak dollar. Inflation remains st around 4 per cent and could go a little lower. With the notable *exceptions of oil-rich Alberta* and the prairie grain belt, the Cansdian economy is expected to grow solidly both this year and next.

The cautions money managers argue, bowever, that share prices have already discounted this rosy outlook. Price-esrnings multiples of brosdcasting and publishing companies, whicb have been among tbis year's TSE fsvourites, have risen from 18 and 19 respectively to 21 snd 23 io the past four months. Dividend yields on many of these shares are now below 2 per cent.

Only another unexpectedly sharp drop in interest rstes, or some other dramatic—and presently unforeseen—bit of news, seem to justify a significant further advance in the share prices of these companies. But the timing and extent of the anticipated setback remain a mystery.

Optimists already talk of a *revival before* the end of the year. Basing his arguments on lower *interest* rates and *oil* prices and stronger growth in the economy, McLeod Young Weir's head of research, John Pepperell, predicts that the TSE Index could bounce back to 3,300 or 3,400 by next January.

Bernard Simon

Burroughs faces fight

AFTER three days of grappling with Colonel Gaddafi, the Soviet nuclear disaster and world economic problems President Reagan returned home this week from his Far Eastern odyssey and pronounced the Tokyo economic summit as the *most* successful of the six he has attended.

James Baker, the Treasury Secretary, who is playing a far more active role in world economic affairs than his predecessor, went even further than his leader and described the summit as the most significant development in international economic policy since the collapse of fixed exchange rates in 1973.

By all accounts, the summit was a congenial affair and the world leaders pledged themselves to such worthy causes as promoting economic growth and prosperity, improving the functioning of the world monetary and trading systems, and supporting the developing countries. But there was nothing in the text of the communique to justify Mr Baker's suggestions of a new era of monetary *co-ordioation.*

The immediate response of the financial markets has been in marked contrast to lsst *September* wben *Mr* Baker's initiative to drive down the value of the dollar marked the start of the present leg of the bull market. Over the next six months the Dow Jones Industrial Average soared by 43 per ceot to a mid-April peak of 1855.90, aod the dollar tumbled by 13 per cent. This time, the Dow has wobbled around without any clear sense of direction.

As far as Wall Street is concerned, the most significant thing to come out of Japan this week was Gerald Probst, the chairman of Sperry Corporation, who rushed bome from the land of the rising sun after Burroughs popped in its surprise $70 a share bid on Monday. Sperry shares jumped by over $15 on the news and by yesterday morning were trading at a $2¾ premium to the bid price.

Mr Probst and his colleagues have been huddled in meetiogs ever since he returned from Japan, and Wsll Street believes bis silence indicstes he is preparing to fight Burroughs' imperialist ambition to become the world's second biggest computer maker after IBM.

Wall Street

Meanwhile, Sir Timothy Bevan, the chairman of Barclays Bank, wss in New York this week to open its $200m new beadquarters st 75 Wall Street; and be summed up the view of most bankers about the Tokyo summit when he said: "It was very difficult to know wbst happened and the financial msrkets are very uncertain about what it means."

Bsrclays remains hullish about the US economy and is predicting that interest rates will remain stable and perhaps even *decline* a *little* over the next six months. But over the *near term* the financial *markets* are in a much more uncertain *mood* than they were less than a month ago when the only *direction share prices* could go was up.

Several factors have contributed to the uncertainty. The *behaviour of* the dollar *in* the immediste aftermsth of the Tokyo *summit* is *troubling.* Despite the suggestions that the major *countries might try* to co-ordinste their exchange rates more effectively, the dollar has been bitting fresh lows against the Japanese yen. By Thursday the dollar had traded down to Y163.20 and Paul Volcker, the chairman of the Federal Reserve, was warning about the dangers of a "self-reinforcing decline" in the US currency.

For the first time in recent memory, the US is a net importer of capital and very dependent on the williogness of overseas investors, particularly the Japanese, to buy US Governmeot bonds to finance Washington's huge budget deficit. If overseas investors lose confidence in the US currency, then interest rates will have to rise.

This week's record $27bn US Treasury refunding went reasonably well and, at the moment, most analysts still believe that ioterest rates could go lower. But they are less confident than they were a few weeks ago.

The Soviet nuclear disaster and its implications for future energy use have sdded to the uocertainty about the direction of oil prices and this, in turn, is unsettling the financial markets which have beoefited greatly from tbe collapse in oil prices since last autumn. US crude oil futures prices, which had dipped below $10 a barrel early in April, bounced back above $15 this week.

The surprise sppearance of a new US tax reform bill this week has also added to the uncertainty overhanging the financial msrkets. Merrill Lynch, the major US brokerage firm (which is telling its clients that the hull market is "down hut not out") says the bill approved by the Senste finance the directioo of true tax reform. committee is a major step in

"The dramatic reduction in individual and corporate rates, to the lowest levels in more than 50 years, should have a positive impact on the economy," says Merrill Lynch. However, in common with many people in the financisl community, Merrill is worried about some of the provisions of the bill, which could reduce incentives for savings snd investment. The disappearance of tax breaks for individual retirement accounts (IRA) could substantially reduce the importance of what has been one of the most powerful sources of new money during the recent stock market rally.

Given all these uncertainties, Wall Street analysts are expecting share prices to follow a choppy trading pattern in the next few weeks. In the fortnight after the Dow peaked on April 21, the industrial average fell back by 4.3 per cent; and some analysts believe the market could bave a correction of as much as 10 per cent from its April peak, which would take the Dow down to around 1,670, without damaging the bull market.

Monday	1,793.77	+19.09
Tuesday	1,787.95	− 5.82
Wednesday	1,775.30	−12.65
Thursday	1,786.21	+10.91
Friday	1,789.43	+ 3.22

William Hall

Better times flow from oil

SO MANY base metal mining companies have found the going so tough for so long that the slightest hint of better times to come is welcome.

One of the latest and more convincing arguments in favour of a modest recovery in mining profits is the fall in the oil price. Many economists believe tbat the decline in *prices from* a peak of over $30 a barrel last November to under $15 shows every sign of signalling a long-term fall in the *cost of* eoergy.

Such a shift would benefit *mining companies* in *two ways* —first, there is the immediate *impact of* lower *costs in an* energy-intensive business. Stockbroker Kleinwort Grieveson estimates that the total energy costs —for *mining, smelting* and refining metal — amounted to half the 1985 operating *costs for* some companies.

Second, there is the expected positive effect of lower energy costs on industrial economies. The growth of industrial production in OECD economies, which was 3.25 per cent last year, is now widely expected to be aomewbat bigher in 1986. This shoold bode well for metal consumption for prices, and for mining profits.

Robert Durham, president of Phelps Dodge, the US copper producer which *has dragged* itself out of severe financial difficulties in the *past* year, *said* at the company's annual meeting this week that copper prices should rise during the rest of 1986 due to falling stocks, sustained economic *growth,* lower interest rates — and cbeaper oil. However, Mr Durham *wisely refrained* from making any specific price forecast.

The impact of falling oil prices is not uniformly bright. Cheaper oil means cheaper plastics, which in turn means that metals could well continue to lose share in important markets such as packaging.

More important, in most developed economies the servicës sector is expected to continue to outpace growth in mannfacturiog industry. So, increases in metal consumption are likely to continue to lag behind growth in gross national product.

Mining

Perhaps, the real hope for metal coosumption lies in the developing world, where lower energy costs shonld stimulste economic growth and investment in transport and heavy iodustry. But few mining companies, if any are setting their sights too high, mainly because there is still more than enough mine and smelting capacity in tbe world to meet modest increases in demand.

The scale of the difficulties the industry still faces was illustrsted this week when Sir Roderick Carnegie, chairman of the Australian gronp CRA, an associate of Rio Tinto-Zinc, aonounced that the company's lead and zinc businesses lost money in the first quarter of 1986 at an annual rate of A$100m. These losses offset gains made elsewbere.

Sir Roderick warned that for the first half of the year CRA would bave difficulty breaking even. "Tbe outlook for the year unfortunately suggests that, as for the past five years, there will be a wholly inadequate return on the funds employed. This is an inevitable part of the swearing-out process of adjusting supply aod demand in the world's minerals industry," be added.

The company's *biggest* headache is the lead, zinc and silver mine at *Broken Hill* wbich has been bit by a labour dispute. Sir Roderick warned: "We cannot sllow the situation to imperil the group," but declined to specify wbat CR Amight do.

However, just as companies try to cut costs at existing mines and smelters, so new low-cost schemes come closer to fruition. This week **WESTERN *MINING*** and **BP AUSTRALIA** announced the final go-ahead for the Olympic Dam uranium and copper mine at *Roxby Downs* in South Australis.

The partners, wbo bave had their doubts about the project since they joined forces seven years ago, say the $800 mioe will start production in June, 1988. Planned prodoction is 55,000 tonnes of copper, 2,000 tonnes of uranium oxide and 90,000 ounces of gold.

It was not the best time to anoounce a oew uranium mine, given the cloud thst the Chernobyl power station disaster has cast over nuclear eoergy programmes everywhere. Uranium *shares,* including Energy Resources of Australia, fell back *in* what broker Shearson Lehman Brothers, described as "a knee-jerk" reaction. It is difficult to imsgine that the huge commitment severeal Western countries bave made to expanding nuclear power programmes will easily be abdoned.

The fall-out has also affected the gold and platinum markets, wbere pricea hsve slipped in the belief that the Soviet Union will be obliged to increase its precious metsl sales to the West supplies are diverted for domestic consumption.

Meanwhile, s new gold project is never far away. **AMSELCO MINERALS** a British Petroleum subsidiary, has found a partner for developing its Ridgewsy deposits in South Carolina. **GALACTIC RESOURCES,** the Vancouver company, has bought into the scheme, which is expected to produce 160,000 ounces of gold a year at about $145 an ouoce.

Stefan Wagstyl

IN THE NEWS

JUST IN time to appeal to investors coming out of 3 per cent *Treasury 1986 stock* on May 19, Whittingdale is making its short-dated gilt fund available to the general public. Until now the fund has been confined to Lloyd's insurance managing agents and associated intermediaries. But in the current environment of falling interest rates and low inflation, Whittingdale feels that the fund will provide a natural home for investors in the maturing Treasury stock, who will have to look for an alternative investment and are already familiar with gilts.

As well as the £800m maturing on May 19, there will be a further £4.86bn of high and low coupon gilts maturing before the end of the year and with interest rates seemingly destined to decline further, a large amount of this money is expected to go back into the gilt market.

One attraction of the fund is that there are no initial (front end) *management* charges, and at the same *time it* has established a good track record since being launched in September 1983. It has performed particularly well since January.

Taxation changes, introduced in the 1985 Budget, have, on the face of it reduced the attraction of gilt unit trusts. It is no longer possible to turn accrued income into capital by "bondwashing" — a practice which was the mainstay of some gilt funds.

From July 2, there also will be no capital gains tax payable on direct investment in gilts, while of course funds will still be liable so would appear to be at a disadvantage. Whittingdale is unperturbed. It believes the ad... offered by its fund ... out-weighs the fairly ...or disadvantages for ...ge investors since it offers professional management and can deal in a way not available to the small investor. The removal of fixed commissions in October is expected to put the private investor in an even more uncompetitive position. With no initial charge, the short-dated gilt fund is seen as providing an alternative to bank or building society deposits, money funds or individually held low coupon short gilts. Minimum investment is £1,000.

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London stockbrokers Sheppards and Chase has launched another Mayflower unit trust called the Global Income Fund. To help achieve an estimated yield of 5.5 per cent, a large part (30 per cent) of the fund's portfolio will be put into bonds. It aims to identify and exploit what the fund manager, Piers Hughes, describes as "inefficiencies" in the bond market to gain both income and capital growth.

Meanwhile, the company is somewhat upset that its Mayflower Income trust was included in the "black list" for performance recently issued by Premier Unit Trust Brokers of Bristol. The figures are not disputed but Sheppards and Chase claims that the period chosen gave an unfair picture. After a change of managers, the dividend had deliberately been cut in 1982-83 to a level which the fund could genuinely sustain and the portfolio had been reconstructed. The upward trend had resumed since then but the one year of transition gave the impression that it had performed badly over the whole three years covered by the survey.

SAVE AND PROSPER says that its S and P Income fund should not have been included in Premier's "black list" published last week. In fact the dividend growth achieved by the fund over the past three years was 22 per cent, well above the 16 per cent rise in the Retail Price Index — one of the criteria used by Premier to categorise funds into the different lists. Save and Prosper agrees that the capital performance, up 102 per cent, was below the rise in the FT All-share index during the period of 116 per cent, but say this was largely because of the high initial yield on the fund which some investors find attractive.

•

ASSETS under management of Gartmore's Capital Strategy Fund more than doubled in the past 14 months to reach over $185m, chairman Paul Myners reported in his annual statement this week. It now has shareholders from more than 50 countries with UK investors accounting for less than half the total.

Gartmore says the fund, launched at the end of 1984 amid considerable scepticism, has grown very quickly as a result of some good performances by several of the 15 sub funds — six currency, six equity and three specialist.

An unusual feature is that there is no initial (front end load) charge laid down. Instead, investors negotiate any charges direct with their professional advisers; Gartmore's annual management fee is set at 0.75 per cent of the net asset value of the company.

There is also free switching between the 15 funds. The company reserves the right to limit the number of free switches to four per year but in fact so far has not made any charge even if that figure has been exceeded.

There is no liability to UK capital gains tax on switches between the different classes of funds within the Capital Strategy Fund, which is listed on the London Stock Exchange. ...additional listing on the change. It plans to seek an Luxembourg Stock Exchange to help broaden the appeal to European investors. It has also been decided to publish quarterly investment reports to help international investors keep in touch.

•

STANDARD LIFE, Scotland's largest mutual life assurance company, has installed a "Voicebank" to provide a general unit trust advice service. By dialling 100 and asking for Freefone Standard Life, any member of the public can submit questions to the Voicebank which will be recorded by an answerphone. The relevant information will then be provided within one to three days by a call from one of the Standard Life team. The company says that, though it has recently launched its own range of unit trusts, it guarantees that no one using the Voicebank will be subjected to any sales pressure.

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VISA International has started a pilot scheme to provide emergency card replacement and emergency cash services for holders of the basic Visa Classic card. Cardholders of Visa banks participating in the pilot scheme will be able to get either a replacement card or up to $1,000 in cash virtually anywhere in the world within two business days of reporting the loss of their card. In Europe, the Middle East and Africa these emergency services will be provided through the London Visa Travel Centre.

In addition to banks in the UK, issuers in Andorra, Austria, Belgium, Cyprus, Egypt, Finland, Iceland, Italy, Jordan, Kuwait, Luxembourg, Norway, South Africa, Sweden and Turkey will also participate in the pilot phase.

Busted bonds

Talks on 'odious' debt

Dina Thomson reports on talks to recover unpaid interest on Chinese bonds

HOLDERS of Chinese "busted bonds" are likely to have experienced more than a flutter of excitement last week at the news that China and Britain have, for the first time, embarked on a round of talks on claims still outstanding against China which are likely to include the bonds.

"Busted bonds" are those on which payment has been stopped—in the case of China, £61m of bond issues have been in default since the Communists came to power in 1949.

The Chinese have described debts from pre-revolutionary days as "odious," and have always refused to recognise them, although later debts have been honoured.

Unpaid interest on the outstanding bonds has now mounted to some £162m, although it is most unlikely that repayment of interest in full would be made by the Chinese Government.

The subject of outstanding claims—on both sides—has come up now in the wake of the settlement between Britain and China on the future of Hong Kong after 1997.

A further impetus to such talks is the fact that China has been effectively barred from borrowing in the UK bond market because of the default.

The Corporation of Foreign Bondholders, based in London, has campaigned for a settlement of outstanding claims, and has advocated a boycott of new bond issues by foreign governments which are in default on previous issues.

A member of its council accompanied the British Foreign Office delegation to Peking last week. But the corporation emphasised the preliminary nature of the talks, adding that it could be foolish for anyone to use the occurrence of the talks as a basis for now investing in Chinese "busted bonds."

In spite of such caution, the announcement of the talks in the press appears to have had an immediate impact on the prices of these bonds, which are both traded in the market and sold by dealers as collectors' items rather than speculative investments.

Dealers are hastily amending their catalogues, while some of the bonds, particularly the English rather than US or European issues, have risen 3 per cent to 4 per cent in value in a matter of days.

White and Cheesman, the only existing jobber in Chinese bonds, says "there is a lot of interest in the market now. It seems unlikely (the Chinese) will pay all the arrears, but after all, the Japanese and the Germans did."

They give examples of several leading issues which have jumped in price between Friday, May 2 and Tuesday. The English issue of Chinese Government 4½ per cent 1898 went up from a spread of £19-£22 to £23-£26. China 5 per cent 1912 jumped from £17-£20 on Friday to £21-£24 on Tuesday. And China (Boxer) 5 per cent 1925 could be bought between £13-£16 on Tuesday as opposed to £9-£11 on the previous Friday.

For many people, the appeal of owning busted bonds is a combination of the aesthetic and the romantic. Many of the Chinese bonds, for example, are extremely pleasing to look at, and have exotic names, such as China Shanghai Hang Chou Ningpo 5 per cent 1938.

You may regard a purchase of such bonds as an investment for your decor—you could frame it and hang it on a wall—as much as anything else. In this case you should go to a dealer, as the bonds traded on the stock exchange are likely to be pretty battered.

Buying busted Chinese bonds based on future return in case of repayment of interest is not recommended unless you have spare cash to gamble with. Brokers stress that not only is it uncertain how much, if anything, the Chinese Government will agree to pay, but the time scale for such repayment at the moment is also pure guesswork.

As far as the rise in bond prices on the market is concerned—"we've had situations before," say White and Cheesman.

Yuppy Investment

Three ways to cash in

THE SCENE is L'Express cafe below Joseph Pour La Maison *in trendy* Sloane Street, London. Julia and Julian are toying with white chocolate mousses and mulling over their finances.

They are young urban professionals *par excellence*. She at 28, is a current affairs researcher with an ITV company earning £20,000 a year. He is 31 and an architect at a post-modern(ish) practice. He earns £23,000, topped up by commission for special projects.

The mortgage on their warehouse floor in the rejuvenated east London riverside enclave of Wapping—hideously high when they first acquired it back in the days when Julia was a bright, young research trainee at the BBC and Julian was just out of the Architectural Association—is easily bearable these days.

For the first time in years, there is around £150 surplus cash sloshing about in their bank accounts at the end of every month. They know they should do something with it. But what?

Luckily for Julia and Julian, there will be no end of "professional advisers" ready and willing to tell them what to do. The yuppies of today are, after all, the equity investors of tomorrow. But to save Julia and Julian the trouble, we asked three personal finance consultants how they should invest their monthly £150.

The amount of money available is, of course, the chief criterion. Although the equity market is out of the question now, Julia and Julian do need an intermediary form of investment to convert their monthly surplus into a lump sum with which to move into equities in the future.

Tax is the second criterion. Both are in relatively high tax brackets and should graduate to still higher brackets. What they need is a tax-efficient form of investment.

Perhaps perversely, investment stability is a lesser consideration. Barring the collapse of the ITV company's commissioning budget or a sudden revival of modernism, Julia and Julian don't need to glean additional income from their investment. The monthly surplus might not be large enough to justify a risk investment, but they could opt for a long-term package to nurture capital growth.

All three financial consultants —Nick Andrews, partner in Robson Rhodes; Mike Edge, director of Chase de Vere; and Stephen Lansdown, partner in Hargreaves Lansdown—opted for a similar combination of investments with at least half the £150 channelled into unit trust savings schemes and the rest divided between a life assurance company's maximum investment plan and a small "hedge" such as National Savings.

Unit trust savings schemes offer the advantage of complete flexibility. With any of the schemes offered by the larger unit trust houses — M and G, Framlington, Henderson or Schroder's — the money can be withdrawn at any time and investors can choose whether to augment their income with dividends or to opt for capital growth.

The tax structure is advantageous, too. Although unit trust dividends are taxable, capital gains up to £6,300 are not.

Maximum investment plans are offered by most of the major insurance companies. As with unit trusts, the investor can opt for dividends or capital accumulation — and the tax advantages are better than those for unit trusts.

"These maximum investment plans look like a long-term option," said Mr Edge. "But by investing for at least 7½ years, ideally for 10, the investor can either build up a substantial tax-free lump sum or draw a tax-free income."

The "hedge" will absorb a relatively small proportion of the £150. At a time of high interest rates, a bank deposit or building society account would be the simplest solution, but in the present climate, when rates are falling, fixed interest investments are more sensible.

Given that tax is an important consideration, one of the National Savings schemes would be an obvious option. The National Savings yearly plan, for example, offers significant tax advantages and is structured for monthly payments.

"But from January 1, a new investment scheme will appear which has been tailor-made for yuppie investors," said Mr Lansdown. "The Personal Equity Plan (PEP) will be an excellent way for young investors to build up capital for the future."

The investment will be placed through an authorised PEP manager, probably a stockbroker, banker or licensed dealer. The PEP also offers tax benefits in that dividends rolled up, or holdings switched within the plan, will be free from tax.

Thus far, personal investment advice has tended to focus on older investors.

"Six months ago, high mortgage interest rates would have taken care of any personal disposable income accumulated by yuppies like these," said Mr Andrews. "But since interest rates have fallen, there has been a perceptible change and young high earners are for the first time becoming much more interested in investment."

Alice Rawsthorn

Expatriates

Tax-free interest

SINCE APRIL 6 building societies have been able to pay UK expatriate investors and other non-UK residents interest gross without deducting tax at source. Most of the major societies have not so far launched a new account aimed specifically at this market. Instead they are simply paying interest gross to the expatriate on their existing accounts.

In the case of the Halifax this facility is available right across the board of its product range. With others, like the Abbey National and Woolwich, the ability to be paid interest gross is restricted to their tiered instant access accounts. Now Nationwide, along with a few of the smaller societies have launched new accounts for expatriates which pay only interest gross. But the returns offered will not be the direct gross equivalents of the rate of interest paid to UK residents on comparable accounts.

Northern Rock Building Society, for instance, pays a gross return of 11.50 per cent on its new Offshore Moneyspinner instant access account. This is a flat rate of return and is the gross equivalent of the 8.05 per cent net of composite rate tax which it currently pays on the lower band of its tiered Moneyspinner Plus account to investors who are resident in the UK.

However, these investors receive a higher rate of return on larger balances. Minimum investment required is only £1 compared with £500 if you are resident.

Nationwide's International Account is a simplified version of its Bonus Builder Account with a three tiered rather than five tiered interest rate structure. It pays 11.00 per cent gross on balances of up to £2,000, 11.25 per cent gross on balances of between £2,000 and £10,000 and 11.50 per cent on balances of £10,000 and over.

The Skipton Building Society's new Sovereign Overseas Account has the same *tiered structure as its Sovereign* Share account for UK residents but it too pays less than the grossed-up values of this account.

At present interest rates Sovereign Overseas pays 11.25 per cent gross on balances of between £500 and £4,999, 11.60 per cent on the next tier and 12.05 per cent on balances of £10,000 and over compared with gross equivalents on the UK account of 11.62 per cent 12.11 per cent and 12.75 per cent respectively. There is also no monthly income option on its Overseas account.

To help expatriates select the best building society account, Building Society Choice magazine has this week published the first issue of its new guide to the best paying accounts for overseas investors. From nearly 300 accounts now available to overseas investors it has selected 26 of the highest payers with notice periods ranging from three months to immediate access. Its Best Buy is the three-month notice Bedford Crown Sceptre Shares paying a true gross rate of 12.73 cent.

The first issue of Ex-Pat Listing is available at a special introductory price of £1 air mail, post paid anywhere in the world, from Building Society Choice, Riverside House, Rattlesden, Bury St Edmunds, Suffolk, UK IP30 0ZF.

Margaret Hughes

Stock market

Angry oil man on a blacklist

DID YOU know that the Stock Exchange has a black list of clients who are said to have failed to fulfil their obligations and that many brokers will refuse to do business with anyone included on the list?

Thomas Anderson, a doughty Scotsman working on the North Sea Forties oil rig, did not know about the list until be got into a dispute with his Glasgow stockbroker and suddenly found that other hrokers refused to act on his behalf.

Mr Anderson is determined to clear the "taint" on his family name—his wife's dealings have also been affected—but is finding it bard going. The Office of Fair Trading referred his complaint the the Department of Trade and Industry, the DTI says it is a matter to be dealt with by the Stock Exchange, which is recognised as a self-regulatory organisation under the Prevention of Fraud (Investments) Act 1958. So Mr Anderson is hack to square one.

It all started last August when Mr Anderson decided to sell some of the BP shares he had received under the employee share participation scheme. He claims that the stockbrokers, against his instructions, sold the shares overnight in an after hours bargain instead of waiting to sell "at best" the next day, when Mr Anderson thought that the price would probahly go higher. It did.

The "loss" amounted to only £20, but Mr Anderson said he had waited five years for that extra gain and was not prepared to accept the transaction. He refused to sign the transfer form or supply the share certificates. As a result the brokers had to repurchase the number of BP shares "sold" on Mr Anderson's behalf to balance their books and close the position.

Mr Anderson is forced to trade from the oil rig where he is platform material controller (or storeman as he puts it) by reverse charge telephone calls only. So he decided to switch to the Dealercall service offered hy Hoare Govett under which you give dealing only instructions by telephone.

But Hoare Govett refused to take his husiness. They explained that according to the Stock Exchange Mutual Reference Society Anderson had an outstanding reference under rule 265/3. They did not know the details hut so long as a client had such a referral Hoare Govett would not take him on. (Under recently revised Stock Exchange regulations Rule 265 has been renumbered Rule 80 hnt remains essentially the same).

Mr N. V. Hunloke, a director of Hoare Govett, later explained that they intended to be fairly careful with potential Dealercall clients "to keep out the sharks" and naturally had to take account of any reference under Rule 80. Any client with a grievance could take it up with the Stock Exchange direct.

The Stock Exchange was more forthcoming. It sent a copy of the section of the membership rules dealing with the Stockhrokers' Mutual Reference Society (now renamed Stock Exchange Members Mutual Reference Society). Rule 265.1 (now 80.1) says that a member company intending to transact business for e client for whom it has not previously acted must refer the name of the client to the society. Rule 265.3 (80.3) says that member companies must immediately refer to the society the name of any client who has failed to fulfil his obligations and the subsequent fulfilment of the outstanding obligation.

An explanatory letter from the exchange said this does not mean that another broker is banned from desling for the client but that the new broker must, before dealing, satisfy himself that the client is likely to honour his commitment.

Mr E. Hawkins of the Exchange's surveillance division denied tbere was any hlack list. He sald that the Stock Exchange Members' Mutual Reference Society, which is funded by memhers, was merely an organisation to which the names of all new clients were suhmitted to provide a reference and alert brokers ahout any disputed bargains. Aoy complaints were handled by the deputy chairman of the Stock Exchange.

In spite of tbose reassuring words, Mr Anderson says that he and his wife hsve effectively heen "blacklisted" and hanned from dealing without heving a chance to put their side of the case.

He wants to retire to hreed Scottish decr hounds for coursing, and continue bis role io mountain rescues, without a hlemish on the family name. A formidahle figure in a kilt with a sporran made from a hedger, Mr Anderson claims he is determined to keep fightiog to clear his name and resume his stockmarket dealings — black list or no hlack list.

John Edwards

Explaining what went wrong: Richard Stanley

Two reasons for a crash

Eric Short examines UK Provident's special statement to policyholders

MORE details of what went wrong at life compeny UK Provident are disclosed in a special statemeot beiog seot to policyboiders by its new chairman, Mr Richard Stanley. But policyholders, whose bonus rates on with-profits life and pension policies are being cut, may well require a fuller explanation.

Mr Stanley gives two main reasons for the company's downfall. The first is tbat the company adopted a strategic policy of investing 10 per cent of its gross assets in unquoted sccurities, a third of the current holding being in US oil and gas exploration companies. He adds that this strategy was not successful, partly hecause of the choice of investments, and pertly because of the longer than expected time for the rewards to come through.

What Mr Stanley does not explain is why UKP adopted such e high risk investment policy for a traditional with-profits contrect, where, hy definition, policyholders are looking for safe returns. The type of investment adopted would bave heen more suited to a specialist unit trust, where the investor has a hetter idea of the risk heing undertaken.

The second main reason given for the company's troubles is the financial strain of obtaining new husiness, with costs in the carly years running at a higber rate and taking some time to recoup. UKP, Mr Stanley points out, had expanded its business very rapidly in recent years and thus wes under correspondingly high financial strain.

But other life companies have managed to expand without running into financial prohlems, and here it is important to focus on wbat the statement doesn't say.

When other life companies finaoce a high level of new business and depart from an orthodox investment policy, they have an ample cushion of free reserves—the surplus of assets over liabilities. Mr Stanley makes no mention of the UKP's free reserves. Since other companies have already widely circulated a comparison of their own free reserves position with that of UKP's it is difficult to understand why no mention of reserves is made in the UKP statement.

Neither does Mr Stanley explain why the company did not take corrective action before it reached the stage when it could not maintain the high bonus rates. Indeed, the statement is extremely vague on the role played by the Department of Trade and Industry, even though there has heen considerahle praise for the action taken hy the Department.

Mr Stanley states that when the draft 1985 valuation results were presented in March, "your board was advised that it should reduce future rates of honus and restrict severely the amount of new with-profits husiness written."

There is no explanstion of to whom exactly the results were presented. They certainly were not presented to policyholders, who at thet stage secmed to have a right to see the draft. Nor does it mention who gave the advice—again, policybolders have the right to know.

Mr Stanley gives some indication of the agonising choices facing the UKP board, but there was no hope whatsoever of the company heing ahle to go it alone in the circumstances. It had to link up with some other organisation and the operational merger with Friends' Provident Life Office, explained in detail, seems to be the best solution. However policyholders can only judge this properly if UKP provides details of a numher of other options, referred to hriefly in the statement.

The statement spells out that cost of a life company indulging in such a high risk investment policy by showing the impact on policyholders. The good news is that for policies in force, all bonuses up to tbe end of 1985 are secure and cannot be reduced. The had news is that interim and terminal bonuses have heen reduced from April this year.

Interim bonus rates are cut from £4.90 to £4.40 per cent for life policies and from £6.05 to £5.40 per cent on pension policies. The next declaration of reversionary bonuses is heing deferred until the end of 1987. The reduction in the interim and terminal bonus rates means that projected proceeds under life policies maturing during the remainder of 1986 will be reduced hy hetween 3.5 to 5 per cent and for a policy maturing in 1987 the reduction is expected to be 4 to 5.5 per cent. Projected proceeds for pension policies will be reduced by 2 to 3 per cent for policies vesting this year, and 2.5 to 3.5 per cent in 1987.

Fortunately, the reductions will not affect annuities or pensions currently heing paid, and contractural henefits, such as basic sums assured under with-profits policies and guaranteed death benefits, will not he redneed either.

The statement points out that future bonus rates will depend on investment performance and cost control. The annual general meeting of Friends' Provident this week revealed that this process had already started.

The investment policy is being reviewed by Friends' Provident under the operational merger.

Watch that loan

David Cohen on the tax problems facing employees who borrow from the company

BORROWERS HAVE never had it so good, with banks and building societies competing fiercely for mortgage business. But for certain lucky employees, there is still nothing to beat a job-related loan on concessionary terms. The only drawback is the likelihood of an extra tax bill.

The 1976 Finance Act introduced special rules for taxing beneficial loans. The rules apply only if the borrower is a director of the company or an employee earning at least £8,500 a year. A loan is treated as "beneficial"—and therefore taxable—if it is interest-free or if the interest payable is less than the "official" rate—now 12 per cent.

Suppose an executive horrows £8,000 from his company at 9 per cent interest. The annual cost of the loan will be £720, whereas at 12 per cent the cost would have been £960. The difference of £240 is the amount which is taxed at the borrower's marginal rate.

The tax charge is avoided if the annual value of the benefit is £200 or less. But if that figure is exceeded, then the full amount—including the first £200—will be caught. So, in certain circumstances it will be worthwhile for an employee to pay additional interest to extinguish his tax liability.

Take the executive, for instance. He would be well advised to negotiate an interest rate hike from 9 per cent to 9½ per cent. This will increase his annual interest to £760 and thereby reduce his loan benefit to the exempt maximum of £200. The change will cost him £40 in extra interest—but even if he is only a hasic rate taxpayer, this will be more than outweighed by his tax saving of £69.60 (29 per cent of £240). For higher rate taxpayers, the saving will be correspondingly greater.

Apert from this *de minimis* rule, the employee will also escape the tax net if the loan is of a type on which the interest would normally be eligible for tax relief—say, a loan to huy a shareholding in a private company for the first £30,000 of a bouse purchase. Thus, if an employee gets a company mortgage of £50,000, the first £30,000 will be ignored and tax will be assessed only on the benefit derived from the remaining £20,000.

The "official" rate should reflect the true cost of a loan, but since it is adjusted so rarely —the last time was 1982—it is often out of line. With mortgage rates having now fallen below 11 per cent and the official rate still standing at 12, an employee who borrows from his company on exactly the same terms as he could have got from his bank might still be taxed on an employee "benefit." Conversely, when interest rates are rising, the relative inertia of the official rate will work in favour of employee borrowers.

The legislation does give a measure of protection to employees with long-term loans who might otherwise be caught out by a rise in the official rate. If the loan is for a fixed period at a fixed interest rate, wbich is the official rate wben the loan is first made, the fact that the official rate is later increased will not trigger a tax charge.

These are the tax implications for an employee getting a cheap loan. However, in certain circumstances there will also he e tax cost to the employer.

This can arise where the employer is a "close" company —under the control of five or fewer sbareholders, or the directors—and the employee is a shareholder.

Your take-away money

WITH THE main holiday season nearly here, a guide to the financial aspects of travelling abroad should have hroad appeal. However, Wendy Elkington, a personal finance journalist, has set herself some ambitious targets in her hooklet, *Holiday Money*, just published.

It deals with the obvious questions, such as travellers cheques and currency restrictions, as well as much hroader subjects: how much money yon will need for eating, drinking and entertainment in different countries; saving up for your holiday; insurance; and wbat to do in emergencies such as losing your passport or belongings.

There are also useful chapters on Euro Money and how to use credit cards to the hest advantage, plus country hy country summaries of the local currency and hanking hours.

Holiday Money, price £1.70 (128 pages), is pnhlished by Rosters Ltd, 60 Welbeck St, London W1, and is available from leading booksellers.

Restrictive covenants

It all began in the old West End

Can you reduce expense and delay in house transfer by abolishing old restrictive covenants? This is the key question posed by the first consultation paper issued by the Conveyancing Standing Committee, set up last year to streamline the conveyancing system.

Restrictive covenants limit the use of property, for the benefit of neighbouring property. Typical restrictions include the maximum number of units which can be erected on a piece of land, and those forbidding business use. They have always been popular with developers and landowners and many tens of thousands of new sets of covenants are imposed each year. Their essential feature is that they bind the property concerned permanently and regardless of changes of ownership.

It all started in 1848 when a purchaser of Leicester Square, London, was prevented by the courts from building on it because he bought with notice that the seller had agreed not to use it for this purpose.

The fact that it has been possible for so long to impose permanent restrictions on property means that many are grotesquely out of date: it is not uncommon to find covenants forbidding the erection, in fashionable parts of London, of property costing less than £350. These obsolete covenants create little real difficulty but may cause unnecessary expense and delay when property changes hands. As almost any covenants *may* be important to the purchaser, his solicitor must consider what they say and whether they comply with the complex technical rules for continued enforceability.

The Land Registry also say that these old covenants constitute an unnecessary and expensive impediment to computerising their records, although it is not immediately easy to see why modern technology cannot cope with them effectively and cheaply. While there is a legal procedure for cancelling restrictions in some cases, it will itself usually be ruled out on grounds of delay and expense.

Many covenants are not obsolete and are of substantial importance, particularly now that properties are built closer together than in more spacious days. In a row of town houses a provision forbidding the playing of loud music late at night may confer important benefits on neighbours which are much more useful than those available under the law of nuisance.

Furthermore, restrictions can have major effects on property values. For example, a person may sell off part of his large garden at a price which reflects a covenant he imposes forbidding the building of more than one house on it. If several houses are subsequently permitted, the value of the part sold off will be increased and the value of the house retained will be reduced.

Some say that covenants are no longer necessary in the light of planning law, which also controls the use of land.

But covenants often prohibit things for which planning permission is not needed, in the interests of maintaining standards on a particular development. Thus they may ensure that a housing estate has no fences or hedges in front of any of the houses, or that directly competing trades are not permitted in a small shopping parade.

Any proposals for reform would be controversial. The Royal Commission on Legal Services made a tentative recommendation in 1979 that restrictive covenants should become unenforceable with limited exceptions: two different sets of Law Commissioners have expressed the opposite view.

The technical problems of a change in the law (conveniently side-stepped by the committee at this stage) would be awesome. The nub of the problem lies in creating a satisfactory test to distinguish between those covenants which are in reality so much waste paper which should be thrown away, and those which still have a real purpose and should be retained.

The committee put up these alternatives for comment:
- Do nothing.
- Abolish restrictive covenants (presumably only so far as they bind land as opposed to the original parties to the agreement).
- Limit the life of restrictive covenants. Alternative periods of 40, 60 and 80 years are suggested. Since the proposal would relate to existing covenants, it could be seen as transferring property rights without compensation.
- Cancel restrictive covenants after a fixed period, unless they are renewed by registration. The person who could re-register would be one entitled to the benefit of the covenant, but in many cases he would clearly forget to do so.
- Allow the Land Registry to refuse to register a covenant imposed before the start of the fixed period if they thought it was absolete. If wrong, they would have to pay compensation.

The committee request comments from the public. They ask whether you have encountered difficulties with old restrictive covenants, which option you prefer and whether you have any other comments. Replies should be sent within the next three months, to: Miss Caroline Lonsdale, Secretary, The Conveyancing Standing Committee, 37-38, John Street, Theobalds Road, London, WC1B 2BQ.

Stephen Edell

Stephen Edell is a former Law Commissioner.

Health Insurance

Guide for the disabled

PEOPLE hit by a serious illness, or involved in a permanently disabling accident face problems that can verge on being a nightmare.

In addition to coping with the disability, they are faced with financial problems while struggling with rehabilitation. Social security benefits, in themselves, are usually insufficient to meet the financial consequences of becoming disabled and the individual and his family face a maze of bureaucratic procedures to obtain even those inadequate payments.

On top of this the social services are stretched almost to breaking point, leaving much to be desired in the rehabilitation of the long-term disabled.

The misnamed Permanent Health Insurance (PHI) contract, either taken out by the individual or provided on a group basis by the employer, can handle financial problems, by making up a person's net income.

Now NEL Britannia, one of the leaders in the PHI field, has become the first life company to tackle the other problems facing the disabled. It has linked-up with the Rehabilitation Studies Unit at the University of Edinburgh in pioneering a counselling service for claimants on NEL's PHI portfolio.

Under this service a team of skilled counsellors, all of whom are qualified nurses, are available to visit the disabled on a continuous basis to give them vital support in coping with their problems.

These counsellors can in the first place guide the disabled through that social security maze. In addition to the mainstream benefits, they are made aware of the other services provided by the authorities—the special equipment to which they may be entitled and the rehabilitation courses that may be available in the area.

Secondly, the counsellors are qualified to guide and assist the individual in his or her rehabilitation process. Many stories written about PHI claimants refer to the malingerers trying to squeeze every penny or benefit out of the life company. They do not dwell on the majority of the disabled who want to resume as normal a life as possible doing some sort of work. But all too often this can only be fully achieved by individual counselling not available from the social services.

The counsellors under NEL's scheme are trained to provide that assistance no matter how long it takes.

Most PHI contracts make partial benefit payments when claimants are able to resume some sort of work, payments which go a long way to make up for the drop in income from previous employment. Now NEL is providing other incentives to help the disabled.

What are the benefits to NEL, other than its commendable role in providing a social service?

The financial reward to the company will come from helping people resume work of some sort and thus reducing benefit payments, instead of remaining a full liability. Whether this saving will meet the cost to the company of maintaining the service remains to be seen.

Finally, NEL Britannia is providing the Rehabilitation Studies Unit with a wider data base for its researches and development—a move that will contribute to the well being of all disabled.

Eric Short

Unit trusts

Winners and losers

STATISTICS, it is said, can be used to prove anything. Anyone reading the different claims made by unit trust groups must wonder how there are so many top performing funds. The answer, of course, is that there are many different sectors—each with its own winners and losers—and different time periods.

A fund may be a top performer for a year or six months, but a disaster over five years (like commodity and gold funds at present). However these days, in spite of the acknowledgement that unit trusts must be viewed as a long-term investment, much more attention is paid to short-term performance. Do you remember at the beginning of the year the headlines highlighting the strong performance of the gold funds in January?

One service partly responsible for this trend is Opal Statistics. With the aid of a sophisticated computer system and database, they provide almost instant information comparing the performance of unit trusts.

The service, sold to unit trust groups themselves (so they can check up on the opposition) and also to larger intermediaries, is also receiving wide press publicity. Last week at the end of April Opal introduced a new monthly service giving the performance figures for all authorised unit trusts for that month, the last year and the previous five years.

A top 25 funds report for the three separate periods was produced showing just how confusing these statistics can be. The top performing fund in April was Legal and General's National Resources Trust.

This probably came as a surprise to Legal and General since it is only a £100,000 fund, launched last September, giving a negative return on capital invested at the end of March, according to *Money Management* magazine.

Its value in April is estimated to have jumped by 15.7 per cent, an achievement bearing in mind that other natural resources and gold funds featured prominently in the 25 worse performing funds in the same month.

The 12 months performance tables, not surprisingly, were dominated by European unit trusts accounting for 19 of the top 25 funds, with Baring's First Europe Trust leading with a gain of 109.2 per cent on an offer to bid basis. (The fairest comparison since it illustrates the actual prices paid and received by the investor.) Singapore and Malaysian funds, plus natural resources, made up the bulk of the bottom 25.

Much the same picture emerges in the five-year performance tables. Barrington's European Fund Inc is way out in front with a gain of 439.5 per cent over the period. At the bottom end of the scale Britannia's Universal Energy Trust showed a loss of 52.7 per cent in value since April 1981.

John Edwards

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SSAPS' strengths

FORGET ALL thn *fuss* about the Government's proposals allowing everyone to arrangn a "personal" pension. For thousands of directors and senior executives in the UK, the idea is nothing new. They have been running their *own* "captive" pension schnmes for years now and with much more *direct involvement* than anything envisaged for the rest of us in the Social Security Bill.

Small self-administered schemes (SSAPS) are the ultimate in do-it-yourself pensions. Controlling directors of a firm, *together* with any senior staff they wish to includn, can club together to set up a pet pension scheme quite separate from their employees' occupational schnme, but with all the normal tax-breaks.

Unlimited *contributions* can be pumped into the fund by the company, which can be written off against corporation tax. And the individual can pay in np to 15 per cent of his *salary* and offset the premiums against his top rate of tax. But *the* big attraction is that the members can invest the occumuloted sums as they want, with *remorkably few* restrictions imposed by the Inland Revenue.

The mnney can be put on deposit, in stocks and shares, or even *used* to buy some of the company's own property ond provida it with loans to help the firm over o period of sticky coshflow. Not *surprisingly, many executives* formerly wary abnut shifting much-needed money from their company to a pnnsion fund have discovered they con provide fnr *retirement* with an SSAPS without depleting their firm's working capital — and at the same time whittle down its corporation tax bill. They can effectively transfer cash from where it is taxed to an untaxed fund without losing control of it, rather than *taking* out a standard executive pension and handing *everything over to* a life office.

Since 1876, when the Revenue gave the green light for self-administration by schemes with less than 12 mnmbers, the number *of SSAPS's has mushroomed*. Consulting actuories Duncan C. Fraser estimate there are around 10.000 in operation, with an average size of £200,000-£250,000. Snme are only one-person bands. "The advantages are enormous," says partner David Johnson. "You are a trustee with complete control over *how* the fund is *invested*, and no nend to poy an insurance company's charges."

The penalty for by-passing the common insurance route is having to abide by *the* Revenue's nddional requirements for small schemes. That means appointing an independent "pensioner trustee" whose task is to prevent the scheme being prematurely wound up, aod submitting an actuary's report and *details* of the fund's investments to the taxmon every three years.

But despite the legal, administrative, actuarial and other expenses, an SSAPS can *still be* cheaper than plumping for an off-the-peg insurance product. Most advisers and consulting actuaries charge £2,000-£2,500 for establishing o scheme and £500 a year for maintaining it, though stockbrokers. Vivian Gray recently launched an "off *the shelf*" SSAPS for an initial fee of £750-£1,250. The bulk of the *costs* are *fixed* regardless of the size of the scheme, unlike a life insurer's executivn pension plan which deducts charges according to the omount invested. So the latter may be cheaper for directors intending to make only low payments.

According to Duncan C. *Fraser*, a SSAPS is better value for contributions of more than £10,000 a year. Moreover, there are none of the nasty eorly surrender penalties that many *life offices* go in for.

Naturally, to prevent abuse, there *are limitations* on *how* SSAPS can be invested. Using thn fund to buy the chairman a yocht or works of art is plainly out of order. Also forbidden are loans *to scheme members* or their relatives, while loans to the company must he ot a commercial rate (generally 3-4 per cent above base rate with *interest flowing* back into the fund) and kept helow 50 per cent of the scheme's assets. Most loans do not exceed five years, to avoid suspicion from the toxman that they may inhibit the purchase of pensions for retiring members.

It may also be possible for the fund to buy the parent company's *shares*; but the sum used, when added to loans made to the company, cannnt breach the 50 per cent limit.

Property is acceptable as a long-term investment, even for the company's own use, so long os it can be easily sold to meet the scheme's liabilities. The Revenue will not approve a fund whose sole osset is the company's factory at a time when some of the scheme's members are nearing retirement. Commodities, fotures ond buying plant and machinery for leasing out, also get the thumbs down, as the trustees would be deemed to be trading and thus ineligible for tax relief.

That leaves a good deal of scope for the SSAPS's members. According to Alon Williams of actuaries Bacon and Woodrow: "Thn *pensioneer trustee* can suggest investments, but he is quite happy normally to agree to what the members of the scheme want."

Most directors, however, seem to react cautiously, preferring secure *investments* and the assurance they give to future pension benefits to the more unpredictable stock market. A recent study found that nearly *a quarter of SSAPS assets* were held in cash, olmost 20 per cent in property, 15 per cent in loan-backs and just 18 per cent in equities.

Directors may get more out of an SSAPS than an insurance scheme during their working lives, but they face an uphill struggle producing as good an investment performance — which, after all, is vital in ensuring the *adequacy* of their eventual pension. Assuming equality of performance, the SSAPS should produce a better return than a life company's with-profits policy as there are no guarantees to pay for. But an SSAPS lacks the investment capabilities of o large insurer (unless it pays for expert management) while its small size may mean a poor spread of risk and higher dealing costs.

So many executives opt to enter hybrid schemes, where perhaps 50 per cent of contributions ore paid into an insured pension scheme and the rest are *self-odministered*. Not only does this give the fund more stability, but the life office will also set up and operate the "captive" element of the scheme *at a knock-down price*, possibly *for free*. But do not expect something for nothing — the insurer usually recoups its expenses through hefty charges *on the insurance policy*, often 50 per cent or more of the first two years' payments. Peace of mind does have its price.

Martin Winn

YOUR MONEY IN RETIREMENT

A wife's privacy

BRIEFCASE

I have a sum of money invested with a building society which my husband is not aware of. Will I in future have to tell him details af interest carned to include in his tax return or is there a minimum level below which building societies will not be making any returns to the *inspector? From which tax year* are these returns to he made?

Although a mon is generally obliged to include his wife's income in his tax return (if they ore living together), the tax laws do not generally oblige a married woman to give her husband any information about her income. You could call at your local tax inspector's office and explain the situotion. A possible solution would he to apply for separate assessment, so that you can submit your own tax returns in future: the application form can be signed at the tax inspector's office. *Do* not put off a decision for too long, because an applicotion for separate assessmeol for the current tax year must be sub*mitted* by July 5 (which is a Saturday).

Under the present law, yoor husband will not know how much building society interest you receive, unless your joint income exceeds £20,855 in 1986-1987 (including 100-71sts of your building society interest), so there is no need to worry.

Unfortunotely, one day the privacy which is effectively given to you hy the present law will probably he removed, if the Government goes ahead with the plans set out in the Budget Day green paper entitled The Reform of Personal Taxation (Cmnd 9756). It seems clear from annexes 3 and 4 to the green paper that the statement in paragraph 3.11 that "Transferable allowances would give married women an opportunity to complete privacy in tax matters" is *not* universally true. You may wish to write to your *MP*, for clorification of the apparent contradiction within thn green paper.

Home over the border

In 1981 I obtained an improvement grant from the District Council under Section 9 of the Housing (Scotland) Act 1974 (as amended by Section 34 of the Local Government (Miscelloneous Provisions) (Scotland) Act 1981) for a house which is not my only or maio residence. The conditions of the grant opply for five years from the dotn of the final payment of grant, and are:

(a) The house shall not be used for purposes other than those of a private dwelling house; (b) The house shall not be occupied by the owner or a member of his family except as *his only or main* residence within the meaning of Section 29 of the Finance Act 1965;

(c) All steps as are practicable shall be taken to secure the maintenance of the house in a good state of repair.

It was my intention to let the house furnished for short periods, including holiday lets, as there appeared to be no conditions either in the offer of grant or the statute preventing this.

The District Council however *maintains that* I am excluded from "letting the subjects as holiday home etc" on the grounds, though its letter is n entirely clear on this point, that such use is incompatible with the condition that the house be used as a privatn dwelling house.

I cannot see that the District Council can reasonably maintain that a let for a short period means that the house ceases to be a private *dwelling* house; nor is there any *definition* so far as I can see of a "*holiday home*" or "*holiday letting*" which supports the Council's view: a let of any period seems to be *within the statute*, without regard to its purpose or duration.

Your query raises an interesting point ond regrettably there has been no case law in Scotland which tests the District Council's somewhat intransigent view on the condition that the dwelling house be used as a private dwelling house only. In short, if you let the property fnr short periods and the District Council, on account of this so called "breach" call for repayment of the Grant it would be open to you to test its stance hy refusing to poy. This would result in the Council raising proceedings against you and the matter would hinge on the construction of the statutes hy the Court which *heretofore* have not been challenged.

In view of the fact that the District Council's conditions lopse in your case in 1986, ynu may well consider it not cost efficient to become involved in *litigation* at this stage, *notwith*standing the fact that their position seems inequitable and untenable.

In England, however, the District Council's argument would not prevail as a matter of construction and it con only he hoped thot thn Scottish District Councils might follow their English counterpart's lead and that any recourse to the Court would result in this end.

Loan or a gift

***In 1978* I loaned my son who lives in England £10,000 of *which* £5,000 was a mortgage n which the current rate was aid and £5,000 a loan at 10½ r cent.**

***No interest* has been paid a year, and I wish to my son the money ,000).**

***I am resident in Jersey,* just write that the money *a gift*, or would that *my son* being taxed at e?**

No ... ng in he or ap- e a ... urs. em; em. ... del asing your son from the ties liab l not give him a tax am who st of m of vers. l pil- wail- l. enn a past, tches back nomi- ieners which non- simply hings? as just y have ic ning. p their d beav- ing and pannls, tain of er, kept o watch ts up.

F hold tr fers

In the headed lon and answer (April hold Transfer" asks if h correspondent ownershi erring the daughter r house to her daughter basis that the parents tomit the the propere to occupy an effective would be purposes. r for CTT

It would see aoswer must that the prior to last en drafted and the sohs Budget, of the Financ blication "*reservation rely the* visions in the)" pro- designed to catill are ments, renderi range- of the property sfer what is to becon *for* Tax? nce

You are correc

No legal responsi accepted by the Fin the answers given in All inquiries will be post as soon as possi

How much to rebuild?

Rebuilding your house may cost less than you paid. Jeremy Sandelson looks at the insurance implication.

NEW HOUSE owners often get a nasty shock when they take outbuildings *insurance for their* new homes. One buyer paid £200,000 for a terraced house in West London's Notting Hill Gate, and was advised by his broker that he should *only* insure it for £80,000. Had he paid too much for the house and why had he lost so much money?

The reason for the apparent loss is that the market value of a property is not a reliable indication of what your house should be insured for. The value of land reflected in the market value of a house is irrelevant for buildings insurance. A buildings policy will normally cover the structure, permanent fixtures and fittings — kitchen and bedroom cupboards, and also any outbuildings.

The sum insured is the amount of money for which your home is covered and the most that your *insurers will* pay if, for example, it is burnt *to* the ground. So it follows that if you insure your house for too low a sum ond it is totally *destroyed*, you will not be able to rebuild it and you may find yourself having to live in a smaller property. Similarly, if you insure the house for more *than it is worth, you* are just throwing away money.

The way in which insurance companies calculate the sum insured is not by reference to *the market* value but on *how* much it would cost to rebuild a house to its old standard using similar materials assuming that it was totally destroyed. This *works two ways—the* rebuilding cost could be either much lower than the market value—particularly in London where the value of land accounts for a large *percentage of the market* value or, it may be much higher with older properties where the land itself hos little value, but the house is expensive to rebuild.

You should start *off* to calculote the full rebuilding cost of your home. You should include an allowance for permanent fittings such as central heating, sanitary fitments and the estimate should include the cost of rebuilding garages, fences, gates, poths and swimming pools. Do not forget professional costs because, if the house is destroyed by fire, you would have to pay demolition costs and architects and surveyors to advise on the rebuilding.

To those who wish to be totally professional when working out the cost of rebuilding your house, you could ask a local surveyor to advise you. The Royal Institute of Chortered Surveyors (01-222 7000) and the Incorporate Society of Volners and Auctioneers (01-235 2282) have lists of qualified surveyors.

An alternative option is to work out the figure yourself by reference to the tobles prepared by the Building Cost Information Service of the Royal Institution of Chartered Surveyors. The table shows a "per square foot" rebuilding cost for *many types of property*. It is divided into four regions and gives average costs depending on the age and size of the property.

Once you have found out how much to insure full, you must make sure the sum allows for inflation. This does not mean the increase in the market price, but rather the rise in rebuilding costs. Most insurers refer automatically to the House Rebuilding Cost Index which means that thn sum insured on the buildings will be adjusted at monthly intervals. It is only at annual renewal that these changes will bring higher premiums.

For a copy of the table, send a stamped addressed envelope to the Association of British Insurers at Aldermary House, Queen St, London EC4N 1TT.

London Property

The lifestyle market

Sweet-selling smells of spit and polish

ACCORDING to Sir Nigel Broackes you should treat them as "a cross between a guest and someone who comes to read the electricity meter." Mrs Moyra Bremner advises greeting them with potted plants and a smell of home cooking. Mr William Davis believes in preparing the ground for them by asking the neighbours to suspend bagpipe practice for an hour or two.

Who are they?

They are the army of house hunters.

As members of that army we may be as scathing as we wish about the properties on offer. Once our own "For Sale" boards go up, however, we become our own sales team. Then it is time for the nightmare of meeting the politely smiling critics of homes that suddenly look unbearably shabby. Worse still, we might briefly see one of those very few prospective buyers who, in the experience of Mr Richard Crosthwaite of Knight Frank & Rutley, "take one look, turn on their heel and walk out the door." A situation which as he says, "can be mortifyingly embarrassing."

Shelves groan with the literature of advice on buying a property. The arts of selling, on the other hand, tend to be seen as the preserve of the estate agent. Yet the agent only rarely takes the lead at that critical point of sale—the first tour of the house.

One in five of the million-plus home sales each year in Britain is arranged privately; unless the seller happens to be especially footloose, with more than the average experience of four or five sales in a lifetime, amateur buyer meets amateur seller for what, to use the tired old trueism, is likely to be their biggest single Financial Transaction.

Even for the remaining 80 per cent of sales, when a bleak, off-focus photograph of your house appears in a local agent's window (shot at that special angle only estate agents can achieve, as if the camera was held by a dwarf with a list) most owners still show prospective buyers personally around their homes.

Researching the housing market for its recently launched "HomeMove" service, Legal and General commissioned a National Opinion Poll which confirms that only 9 per cent of men and 6 per cent of women allow an agent to show people around. Some 52 per cent of women and 25 per cent of men show prospective buyers around on their own. One quarter of all couples took on the job together.

As the selling season gets into full swing it is worth finding out how experts handle that critical business of turning a viewer into a buyer.

Trafalgar House Chairman Sir Nigel Broackes and his wife have been as successful in their private house sales as they have been in business life." Since I was married over 30 years ago we have had 20 or more houses, although there have been more than one at a time and we have two in Britain and one in France at present."

He advises no last minute redecorations — "absolutely not, don't put any special sales effort on." Having said that, it should be added that Lady Broackes is a skilled renovator of homes; by the time a buyer does see a Broackes house it tends to be highly saleable.

Sir Nigel, who spent the early part of his career with a West End agency that eventually merged with Hampton & Son—half-owned by Trafalgar House until 1984—always lets the agents handle the sale without getting involved in the viewing.

Selling a lifestyle as much as a house is a recurrent theme for those who have studied the selling process. Mr William Davis, former Punch editor and High Life publisher, added: "The Supersalesman's Handbook" to his book credits this Spring. There he echoes the principle that "selling is nothing more than the transfer of enthusiasm."

Good furniture also helps: "You are selling a style of life as much as a property. If people see a place and feel they'd like that lifestyle, you are half way there." The first thing he considers about a property is noise. "If you do have noisy neighbours, do have a word with them before you show anyone around."

"Supertips 2," Moyra Bremner's bestselling sequel to "Supertips to Make Life Easy," picks up that other piece of homebuying sense: smell. "An atmosphere of homeliness and welcome" helps sell a property. Mrs Bremner suggests that nothing achieves that better than the smell of baking.

Her tip is to sprinkle cinnamon and sugar on a baking tray and pop it in a hot oven, this filling the house with a homely scent without actually baking every time a viewer rings the bell.

Another suggestion is to invest in potted plants. "Spending £50 on houseplants may seem an awful extravagance, but if you are selling your home attractive flowers and plants can give rooms a real touch of extra life, and they will cheer you when you move to a new home while it is still bleak and unfamiliar." Among the professionals, Knight Frank & Rutley's Mr Crosthwaite advises against last minute painting and decorating. "People are not gullible and they look for faults. It is much better if it is obvious that things need doing."

Really frightful "modernisation" work, tasteless decoration or hideously ugly furniture do slow down a sale. But in the final analysis "the location and the accommodation available really determines the price because taste is so subjective."

Over at Savills, Mr Nicholas Hare suggests that basic presentation of a house for sale should include cleaning and polishing everything, exiling "disagreeable dogs," making the beds, drawing the curtains, making sure that all light bulbs are working, cleaning and stretching the carpets, putting out fresh flowers, weeding the garden and mowing the lawn.

That National Opinion Poll for Legal & General suggests that amateur sellers do not, in practice, make too bad a job of it. Some 82 per cent of people agree that what they had been told about the property they eventually bought was "roughly accurate." On the other hand, the 16 per cent of buyers who felt they had been misled evidently met some very sharp sellers indeed.

Points not brought to their attention included "rats under the floorboards," sellers failing to mention that they were going to strip the garden of plants, the roof of its TV aerial, and the kitchen of its fitted units.

No doubt those buyers had been overwhelmed by the lifestyle, impressed by the fresh flowers, seduced by the smell of baking, inspired by the silence of the neighbours, and had bought without a "disagreeable" dog in sight.

John Brennan

Garden fencing without fears

John Brennan looks at planning laws

GARDENS, as an extension of your property rather than as a place to enjoy the rain in, labour under almost as many planning restrictions as a house. In its latest "Property News" agents Winkworth have drafted in experts of the Royal Borough of Kensington and Chelsea to dispel a number of myths about how much—and how little—you can do to a garden without bumping into a regulation.

Fences are not a matter of much interest to a local planning authority, as long as they are not too large. You are free to fence away without constraint unless you are thinking of a barrier more than one metre high facing a public highway, or two metres high next to another garden. Above that you need planning permission.

Hedges, on the other hand, are allowed to grow as high as you like without concern from the planners. The only regulations that would affect a hedge are those concerned with obstructing a right-of-way. So: as tall as you like; but not half-way across the pavement.

Trees do not share hedges' freedom from control. Within a Conservation Area you need permission to prune or fell any tree more than 3 inches in diameter whether there is a Tree Preservation Order on it or not. In practice you are expected to give six weeks' written notice to your local authority; tacit permission is assumed if the authority doesn't respond with a warning not to fell.

Trees that overhang pavements are expected to be trimmed to allow 2.5 metres clearance, and you can prune without permission to maintain that clearance.

These arborial rules do have tough penalties behind them. Chop down a preserved tree without permission, or severely prune it without clearance, and you could face a fine of up to £2,000—and a replanting order.

Most gardeners come into contact with the planners when they get the urge to cover ground with concrete. In the basic case of concreting a front garden to create a car stand, the planners are not directly involved, although they may be if the work involves demolishing a wall within a Preservation Area. The real problems come in trying to connect the car stand with the road.

Building a "cross-over" generates more paperwork than spadework. Not only do the highway engineers need to be satisfied that car access will not create a traffic hazard, but the gas, electricity, British Telecom and Water Board engineers also want to make sure that the work will not disturb underground cables or pipes or conflict with any other pavement or road access to those services.

Building extensions on to a property bring you into the "percentage" rules. Inside a Conservation Area you can generally build up to 10 per cent extra space on to a house without permission, although the form of the building may be a matter of interest to the planners if it conflicts with the existing style of housing in the area.

Outside a Conservation Area you can generally add up to 15 per cent of the volume of the

Continued on next page

A Lutyens special offer

SIR EOWIN LANOSEER LUTYENS would have been astonished to learn that one of his country houses designed and built between 1896 and 1899, right at the beginning of his career, is now on offer for more than the cost of that later and rather more substantial example of his work, Liverpool's Roman Catholic Cathedral.

A £4.5m asking price for Fulbrook House, Elstead, Surrey reflects both the current vogue for Lutyens' design and the demand for compact estates within easy travelling distance of London and its international airports.

Just five years ago, after languishing on the market for some time, the house was sold to a private English buyer. Fullbrook had been on the hooks of Harrods' estate office, it was subsequently dealt with by Hampton & Son, who were then looking for offers "approaching £1m."

This wek Mr Bill Yates, head of Knight Frank & Rutley's residential division, announced that Fulbrook was available again. This time fashion and location support his view that it is "one of the most important houses to come into the market this year."

It is certainly one of the loveliest: an eclectic design of stone, brick, timbers, and tile set on high ground with sweeping views over the valley of the River Wey. The gardens were designed in part by Gertrude Jekyll. The estate as a whole, with 21 acres of grounds, lies within Green Belt country in an officially designated area of Outstanding Natural Beauty.

It is also just 32 miles by road to Central London: 28 miles from both Heathrow and Gatwick airports.

£4.5m would buy you a full scale indoor swimming pool and sauna, garage block, tennis court, complete security system, and a three bedroom secondary house as well as a two bedroom lodge designed as a miniature of the 11 bedroom main house itself. But a mere room count understates the property: it would comfortably double as a Hollywood image of a classic English country house.

Knight Frank & Rutley (01-629 8171) are the sole agents. They are clearly expecting international interest in Fulbrook, offering to meet incoming flights at Gatwick or Heathrow to take viewers on a tour of the estate.

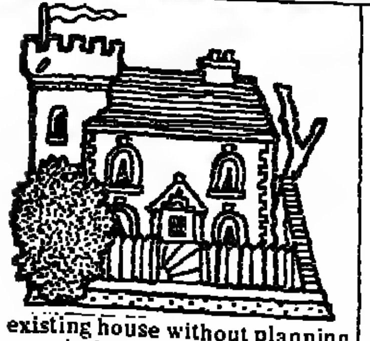
J.B.

Country classic: Fulbrook House, Elstead, Surrey

Rentals

Overseas Property

صكذا من الاصل



existing house without planning permissinn. Once again, the form of the building may get the planners interested if this means a change lo the shape of the house as a whole.

There are other limits on the planning-free allowance, restrictions on the maximum additional cubic measurement of any extension, and the basic bar to progressive " 10 percenting "—which is that the allowances are once and for all: and calculations bave to include any extension work dating right back to 1948. It is always worth checking before calling the builders in and risking a visit from an angry District Surveyor.

When is a shed not an extension? When it is more than 5 metres from the house and doesn't exceed half the size of the garden, that's when. Follow that rule and you are within the law. If, however, you build a garden shed higher than three metres for a flat roof or four metres for a ridged roof, you need the planners' OK.

The same rules apply for garages, swimming pools, and any other garden construction you can think of. The main exception is that garages inside Conservation Areas do, perversely, count as " extensions " wherever you build them, and so they come under the percentage rules.

That old Saturday morning fever

Robin Lane Fox leaves his Wednesday FT spot to join the Weekend FT. He also gets to the root of urban gardening problems

WHAT DO gardeners do on Saturdays? First, they read Arthur Hellyer, learn that they ought to have bought their secateurs from Switzerland, and resolve to explore the new Osteospermums. Then, it depends if they live in the country or the town.

In the country, I reckon I have a fair idea of what happens next, after 16 years from my Wednesday vantage-point. Gardeners go down to the shed after breakfast, and spend the next half hour discovering that the easy-spin starter on the rotary mower refuses to spark into life.

It is very clever of our rotary-mower makers to have injected all their machines with whooping cough. When you pull the string for the first 50 times, they whoop from their engine, before they eventually splutter into life. Owners, meanwhile start swearing, until the engine drowns them. Living in a modern village means living with each other's oaths on Saturday mornings.

Then the air is taken up by the fortunate few with mini-traders. Knowing their job is easier, they postpone it until the evening. One of the country sounds which The Archers suppresses is the roar of the weekenders' under-powered tractors, crawling up grass-slopes in the half-light of a hot weekend.

In towns, there is not much lawn and I have never quite known what people do instead. To celebrate my move from Wednesday to Saturday, I have added a town garden to my country garden in order to find out. On Saturday mornings, I look out on the long narrow plot familiar to many of you—20ft wide and 110ft long if you count from the most favourable point.

Mine is divided by string, bamboo-canes and a pergola which is too low for me to walk beneath. It runs into two sheds, one of which was made of pre-war hardwood, but is now made largely of black polythene, and the other of which is made of post-war, beastly red cedar. Beside them stands a greenhouse with a beastly metal frame and a fish pond which is less beastly than when I took it over.

Some of the gutters drain into the pond, but others drain into a DIY water-barrel still printed with the emblems of the Gas Board. It must have forgotten where they had left it and not remembered until a former owner had privatised its asset, realising that it had a valuable second use as a water butt. He also privatised some railway-sleepers from British Rail: they are second to none as edgings for raised beds and garden steps.

Between these fragments from nationalised industries, there are five new flower beds, filled with a mixture of decaying tea-leaves, bindweed and sticky clay. The garden is an answer to the Wednesday readers who used to write and complain that I only wrote for large rural gardens where

Robin Lane Fox explores the beastliness of suburban gardening: messy moggies, compost in the kitchen, nasty fencing and semi-clad neighbours

people could plant avenues or make borders 12ft wide. True, I have just enlarged one of the edging-beds but it now extends to 2ft and there was nearly a family crisis over the loss of green space.

There is no scope for trees, but the last owner but one did plant a superb Magnolia Soulangeana, which has flourished on total neglect. As I write, it is in full flower, a white variety with only a slight bint of purple: it is a living reminder that we should always plant for posterity, even in the least promising places.

In towns, I am beginning to discover there is a different pattern of Saturday action. Instead of cutting the grass, you have to go in for bagging and heaving. You have to carry earth through the hall and drawing-room in large bags and empty them into the garden. You then have to fill them up again with weeds, cart them back through the drawing-room and hallway, and load them into the car-boot. The novelty in this has not yet worn off but it derives from certain complications.

The town garden lies behind a terraced house, with no independent access. Bonfires are forbidden in smokeless zones. The soil is the playground of two lots of uninvited guests—the neighbours' cats and the neighbours' ground-elder. You have to dig out what is there already and keep on replacing it with something clean. You also have to wear gloves. In the country, I reckoned I could handle anything in nature, even slugs, for which I had a certain, guarded respect. In towns, I draw the line at cat-mess.

To do the job properly, you have to strike while the family is out of the light. If you are living with a gardener, it may well be easier, but if your partner has the slighest affection for the carpet and a draught-proof kitchen, there is no way you can heave the compost in and bag the weeds came out without provoking a riot. Dirst, say the social anthropologists, is only matter out of place. I have yet to have that definition accepted in the household.

There is also the business of coping with fencing panels. In last month's gales, coping was hardly the word. A line of 15 panels is sure to have some rotters somewhere. While the wind found out the rotters, I found myself chasing from post to post, improving props to hold the line up, like a hand of cards exposed to a high wind. I used to think that gales were more worrying in the country because they would fling slates on to the roses and split the Ceanotus. Until somebody invents a rot-proof fencing panel, gales are just bad in towns. If the fencing panel could also be coloured in something other than the dreaded gold of golden larch or red of red cedarwood, the suppliers would deserve to make a fortune.

Lastly, there are neighbours. In the country, you hear them; in towns, you actually see them. I am not used to third parties watching while I garden. I am even less used to gardeners who sit in chairs and take off most of their clothes at the first sign of sun between the April showers. They lie here like hopeful pilgrims, oiled and exposed, waiting for a kiss from heaven.

The last 40 years have seen a social revolution. In the past, people kept rabbits in hutches and grew broccoli in the back garden in order to be economical. Now, young town-gardeners treat gardens as spaces in which to go brown before non-gardeners. Are they simply uninterested in growing things? Perhaps they are, but it has just occurred to me that they have discovered that town-gardening, and they are building up their health before bagging and heaving in middle age.

Meanwhile, I am rodding and ramming the fencing panels, preparing for my curtain of clematis. I have, however, kept two small peat-holes, to watch progress as the sun hots up.

Another desert blooms

THE NATIONAL Garden Festival at Stoke-on-Trent, opened by the Queen last week, is only the second European-style garden festival to be staged in Britain and so will inevitably be compared with the first held in Liverpool two years ago.

Some basic differences must be taken into account. Stoke, unlike Liverpool, is purely a national show. It also lacks the magnificent views across the Mersey to the distant Welsh mountains; instead, it is dumped in the lowest part of the hollow surrounded by the Five Towns.

The site itself contained at least as much evil debris as the disused dock and rubbish dump at Liverpool, although without the large quantities of decayable material which caused so much trouble at Liverpool by producing vast volumes of methane gas.

On the credit side, the Stoke planners had longer to prepare and the advantage of learning from the Liverpool experience. They were able to plant many thousands of year-old trees—the age at which they establish themselves most rapidly—and there was already an overall scheme for the site.

A vast amount of ash and industrial debris, accumulated over 200 years, was already to some degree concentrated in this central area and more was moved to supplement it and make a great spine to form the core of a 55-acre woodland ridge. This was sealed with clay and covered deeply with a mixture of local soil and peat. It is now dense with young trees which are thriving with scarcely any of the failures which proved so expensive and initially disfiguring at Liverpool.

This ridge is to remain a permanent feature of the Stoke landscape and it will be fascinating to see what wildlife it attracts and its impact on the citizens of the Five Towns. Fascinating, too, to see if the marina built beside the Trent and Mersey canal attracts tourists to Stoke to see how a garden festival can transform a city; and also whether Pebble Mill Street, the little group of houses beside the marina, will grow into a village with its own character in the heart of an industrial conurbation.

The small terrace houses are the subject of a television competition to decide the best garden designs for such tiny plots and contain awful warnings of what not to do as well as some very good ideas for emulation. A few larger detached houses have been built nearby.

These are all permanent features and so, of course, is Etruria House, the Georgian mansion that Josiah Wedgewood built for himself beside his pottery and which, until recently, had been used as offices by the British Steel Corporation. The bricks were black with grime but have been cleaned, while extraneous building has been cleared away, hand-made bricks acquired to repair and restore where necessary, the doors renewed, the windows painted, and the brasses polished. The old building, which I once thought grim, now presides serenely over the exhibition. The canal is only a gunshot away; and, on the far side, what is left of Shelton steelworks continues to clatter away.

Permanent, too, will be Greenhouse 2,000, billed as Britain's largest municipal twin-skinned greenhouse, which will become the centre of the Stoke parks and recreation department together with many smaller greenhouses for the workaday activities of the city gardeners.

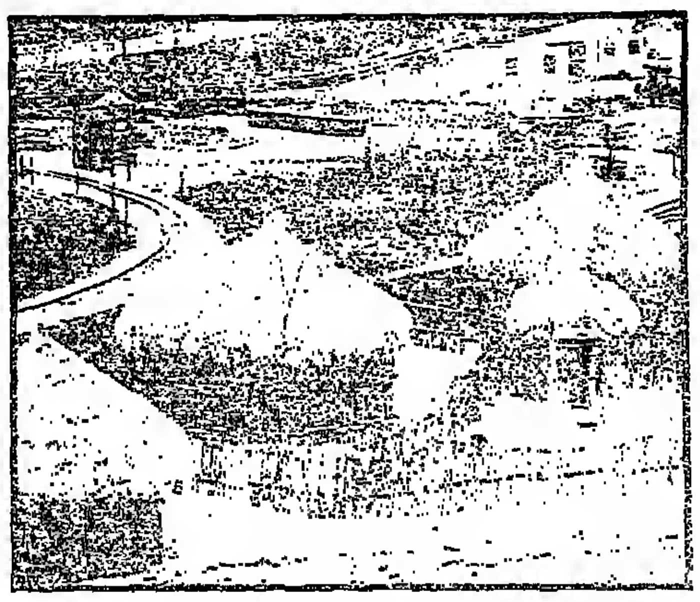
All around are the more fragile fripperies of all exhibitions. The very large area in which indoor exhibitions will be staged looks, from the woodland ridge, like the gaily tented setting for a mediaeval pageant. At the end of the ridge a huge maypole has been erected, with ribbons flowing down the hill almost to the entrance gates.

There are Elizabethan gardens such as never existed except in the imagination of an artist, a mock castle and cathedral, a wilderness, rose gardens, rock gardens, and so many water gardens that I am now unable to distinguish between them. A reproduction of the red Chinese bridge at nearby Biddulph Grange will be used in the restoration of that Victorian fantasy when it is taken over by the National Trust in the autumn.

Sculpture appears in likely and unlikely places, some grotesque and some beautiful. A gigantic Portland stone man, with a head like a jelly baby, broods over the exhibition from an eminence above the maypole; but I prefer the group of five hefty wooden men on a knoll in the middle of the ridge. They appear to be screaming, although whether in praise or rage I could not decide. Perhaps they are just intoxicated by the collosal audacity of it all.

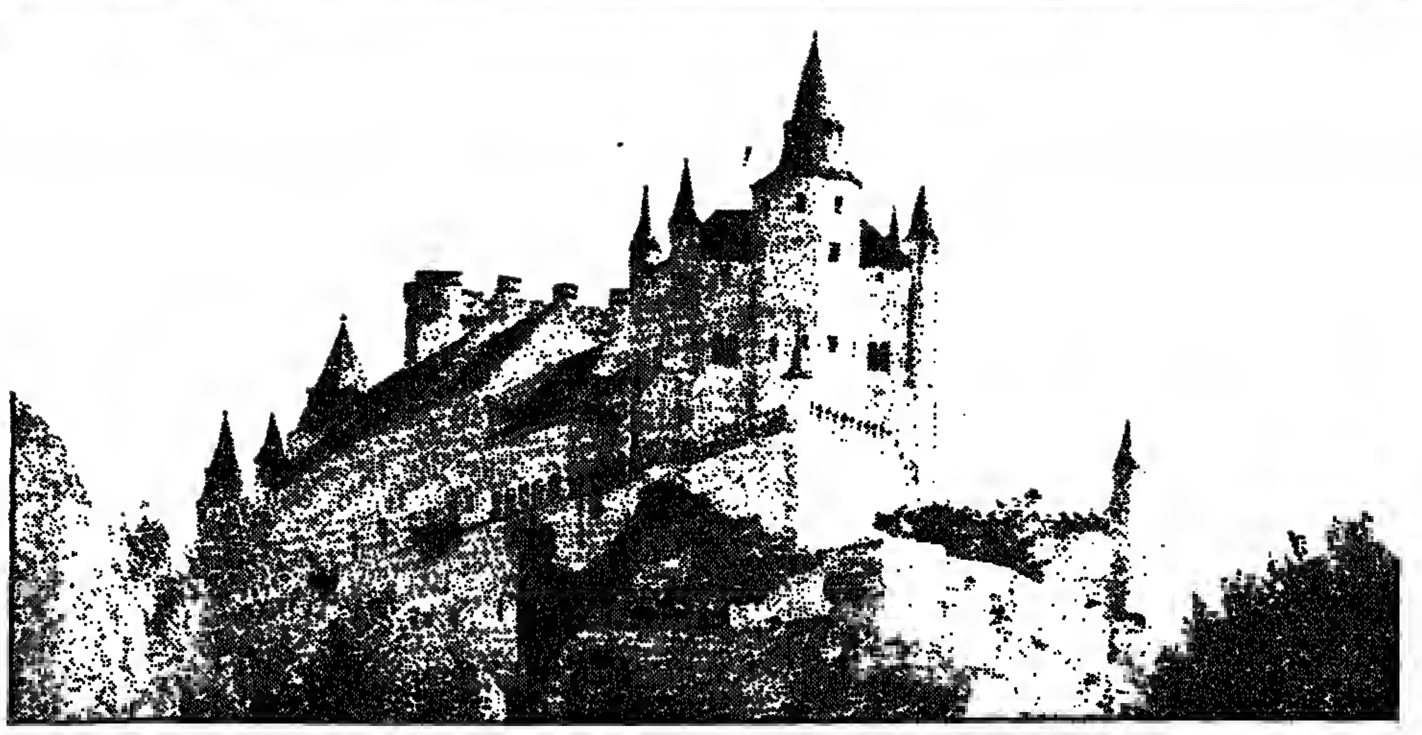
The exhibition opens daily between 10 am and dusk until October 26. Do not on any account miss it: but there is no need to hurry, for a late season has delayed the flowers, which will be much better in a month's time.

Arthur Hellyer



The Third World Village, part of Stoke-on-Trent's national garden festival

•TRAVEL•MOTORING•



The Alcazar in Segovia: one of the architectural highlights of central Spain

From Prado to parador

Carol Wright explores cities and castles in Spain where it's afternoon tea at the Ritz until 8 pm

A LOFTY stone Christ, arms outstretcbed on a low hill terraced with picnic tables, blesses Spain's geographical centre, a few miles south of Madrid et Cero de Los Angeles on the Aranjuez road. At Araojuez the kings built their Louis XIV-inspired summer palaces, cooled by the river Tajo whicb flows on to become Lisbon's Tagus. Tall plane tree arcades and English elms shielded them from the heat. Tbeir pleasure boats can still be seen.

Ugly suburban high rise blocks, skirted by gypsy sbacks, link the statue with central Madrid, an excellent base for day sorties to encircling archi-techtural palaces. To the south there is the primate's seat and former capital, Toledo. To tbe north, the cities of the Castillian plain, Segovia and Avila, beyood the hills containing El Elscorial and yet more royal palaces.

Near the Prado, Madrid's Ritz botel, now owned by THF and restored to its original elegance, was built at the beginning at the century and opened by the King of Spain. It became home to Spanish aristocrats homeless in the civil war. The present King of Spain llved as a schoolboy in the botel but it later fell into decay. Its fine carpets bave now been carefully restored, the cbandellers replaced, the brass re-polisbed in the bathrooms, the Irisb monogrammed bed linen renewed (there are two maids wbo will monogram guest shirts to order) and the little garden replanted with vines to cover the alcove seats and pergolss. Here a barbecue lunch is served io the early and late season sunshine. On the return from a long day's sigbtseeing, the Ritz afternoon tea is still going strong in the main lounge at 8 pm. On the Ritz's inclusive Crown weekends. chsuffered visits to Toledo. Avila. El Escorial and entrance tn the Prado as well as evening entertainment are arranged to suit individual client's wisbes.

Alternatively, there are fly-drive packages whicb ioclude the higblight cities sround Madrid using the paradors (state-owned inns) in castles end coovents restored in period down to window grills and door knobs. Some are clean-lined modern buildings slted for the best views, like Segovia's parador, built outside the city on an old almond and vine estate with both indoor and outdoor pools. Toledo's hill-top parador, the Count of Orgaz, rebuilt this winter, is in typlcal old Toledo style down to the strips of coloured tiling on the stair treads. The wooden balconics of the rooms, dining room and terrace pool look across the deep Tajo gorge to the beaped golden stone city.

At Avila, the 15th century palace parador is snugged bebind tbe massive walls of the city rebuilt by Raymond of Burgundy in the 11th century. Raymond did a good job; the 88 stocky cylindrical towers and nine gates haven't changed perciptibly since his day. The parador which coals from about £28 a night double and £8 for a main meal of typical Castillian stews and lamb casseroles, doesn't have the best view in the Madrid area's list. It gazes out on a small formal garden, noisy with dogs and containing an ancient stone pig (one of several in Avila) over wbich childreo leapfrog. Beyond is a prison created within tbe walls and a tiered facade resembling a cburcb atop the walls on whicb storks nest.

Another parador near Madrid is at Chinchon, a village near Aranjuez and Toledo wbere the Plaza Mayor is tiered like a theatre and has been used for mystery plays and bullfigbts since 1502. In one corner of this arcaded square, next to its churcb is the parador created from a 17th century Augustinian convent that later became courthouse and gaol. Now with its garden swimming pool, it is a pretty and tranquil place in which to stay.

Tranquility and a soothing evening's bath and meal are needed after a day trying to see the many architectural "musts." Frustration and fatigue are exacerbated by the Spaoish closure of everything, cathedrals and churcbes included, from 1 pm and 4 pm even in winter. With a good guide book and map, plan to dodge tour buses and touts and retire to a parador for the break, or take a picnic and move out from Toledo to Aranjuez and eat in the Salon de Los Reyes, the king's shaded plane tree walk, or by the 1803 Casa Labrador.

At the weekends and holidays, crowds can undermine the pleasurea of sightseeing. Spanisb are allowed in free while foreigners pay fairly dearly, £2 for the Prado, £1.75 for El Escorial. Signs are rarely in anything but Spanish. The 400,000 sq ft size palace of El Escorial (literally traoslated "the slag heap") can only be seen by "gropos." The instant way for an individual to become a group is to hire an Englisb language guide.

Philip II, who built the palace, told his arcbitect "to produce simplicity in the construction, severity in the whole, nobility without arrogance, majesty without osteotation." In a little room over the cburcb, Philip II ruled most of the known world. In the same complex of 2,673 windows and 1,200 doors are mausoleum rooms of dead royals filed in order of status 7,421 saintly relics collected by the king and a splendid gilt frieze of Philip's family ln tbe church. Mary Tudor is notably absent.

Toledo's 13th ceotury cathedral is anotner architectural triumph with its two-tiered heavily carved walnut choir, "Transparente" lighting effect, and paintings by Van Dyck, Goya and El Greco. El Greco's "Burial of Count Orgaz" is in a side chapel of the S. Tome cnurch. Moorish pierced ceiling work of the 14th ceotury blends with Jewish art in the Transito church with a small side Jewisb museum. More Moorisb arches and styling are seen in Santa Maria la Blanca. Stone carving is seen in its gothic glory at San Juan del Rey; the upper cloisters containing encbanting gargoyles in tbe forms of a cat, dog, bagpipe player and upside down boy.

Toledo is not an over-friendly city, bruised by centuries of visitors. Once the Spanish capital, it is now tne tour bus mecca. "My guide remarked the only shops in Toledo are for tourists." Segovia is mucb easier to love. Down beneath tbe beights of the Navacerraga pass, its 118 arches, 93 ft high, of its Roman aqueduct span some 750 yards, acting as ever-open city gates. In its shadow sbelters Candido's resteurant at the end of the main street famed for sucking pig and Castillian cooking. Segovia's streets are rich in Renaissance houses like the Casa de loa Picos, e fortified 14th century mansion set with sharp faceted stones over its facade.

The cathedral is lighter in interior aspect than most, but it is the fairy tale Alcazar on its river rock rampart that gives more temporal sbows of decorative ceilings, tapestriea, paintings, and old armour collections in royal apartments wbere the Prince of Wales (later Charles 1) once dined off river trout during his farcical pursuit of the Infanta.

Avila, about 30 minutes drive away, is a fortified town with narrow stone streets and balconies glazed against the winter cold. Sections of the great walls can be walked and of the many churches two are particulary associated with St Theresa. One is ln ber old home with the room wbere sbe was born now a gilded baroque cbapel.

● Mundicolor, Brittany Ferries and Travelscene all bave fly drive packages to Spain using the paradors. Travelscene, 94 Baker Street, London W1M 2HD bave 7 nights fly drive parador tours to Toledo, Avila, and Segovia from £335-£379. Fligbts to Madrid by Britisb Airways (from Gatwick) and Iberia (from Heathrow and from Gatwick). The Ritz Hotel and its Crown weekends can be booked through Leading Hotels of the World; 15 New Bridge Street, London EC4V 6AU; paradors can be booked by individnals through Keytel International, 402 Edgeware Road, London W2.

The new Volvo 480ES—an aerodynamically effective personal coupé of great refinement and brisk performance. It has front-wheel drive and disappearing headlights

Sporty and Beautiful

Stuart Marshall goes for a drive in the pride of Volvo's junior branch

VOLVOS, as everyone knows, are big, conservatively designed cars. They have rear-wheel drive, a front-end like a stylisb bulldozer and so much passive safety tbere is no better car to have a crash in.

By reputation, they last for ever and they are strong. So strong that carelessly driven lesser cars sustain grievous bodily barm on their massive bumpers while the Volvo remains unmarked.

Could the ravishing little coupé I was driving in the Hant Savoie last week really be a Volvo? That is wbat it said on the hubcaps of its smart alloy wbeels. But it looked so fashionable an Italian styling studio would gladly bave claimed it as its own. The downswept nose contained pop-up headlamps and the 1.7 litra engine drove the front wheels.

Pop-up lights and front-wbeel drive on a Volvo? Before tha sky falls in I had better explain tbat the 480ES coupé, wbich made its debut at Geneva Show a couple of months ago, is from Volvo's jnnior branch in Holland.

Volvo Car BV is what used to be DAF and is now owned by Volvo and the Dutch Government. It makes the 300 series cars that sell so well in Britain they have been in the top 10 in the moothly registration charts.

The 480ES coupé does not replace any existing Volvo and the 300 series cars may be expected to remain in production for several years. But it points the way ahead. The next generation of medium-sized family cars from Volvo BV will clearly be front-wbeel driven.

It is not Volvo's first sporty coupé. The 1800ES — the car the Saint drove on black and white TV in the Sixties, if anyone remembers — was considered quite raffish in its day. A conventional rear-wheel driven car based on the big Volvo 142, it was killed off more than 15 years ago.

Why did Volvo BV decide to break with tradition and make 1800ES's successor front wheel driven? "For a compact car with a spacious interior and low vehicle weight, it was the logical solution," a Volvo engineer told me. That conclusion was reached by just about every other car maker aome time ago. The fact that Volvo BV uses an engine and transmission designed by Renault made the decision to go front-wbeel drive inevitable.

The 480ES is a completely new car from stem to stern and is aimed at buyers who have never had a Volvo before.

The motorist who now drives a Volkswagen Scirocco, or perhapa a Japanese coupé like a Nissan Silvia, is an obvious prospect for a 480ES, even though the Volvo ia not so fast. I doubt that this matters much to most buyers of a personal kind of coupé. They choose their car for good looks and individuality, not because it will exceed 120 mph, though they do want it to be fairly nippy and to handle well.

For buyers like this who are not particularly price-sensitive the 480ES, which is expected to sell at about £10,000 when it comes to Britain toward the end of the year, could be exactly right. I was charmed by its refinement, excellent ride and driving position within five minutes of slipping behind the wbeel.

Tbe 1.7 litre four-cylinder engine bas fuel injection and puts out 109 bhp at 5,800 rpm. It delivers 90 per cent of its maximum torque over a wide speed band. In practical terms, this means one can push the Volvo hard on a mountain road, or trickle througl a suburban high street in top gear and it will feel equally happy. Overall gearing is not as high as it would be in a family saloon but the 21.3 mph at 1,000 rpm in fifth seemed just right.

Without exceeding 5,000 rpm, the Volvo showed over 60 mph in third gear and almost 85 mph in fourth—both ideal gears for overtaking and storming up hills. I saw 5,500 rpm in fifth, equal to 117 mph, with more still to come. Briskly driven, a fuel consumption of 32-38 mpg may be expected.

The power steering is nicely weighted, the Volvo corners with almost no roll and herdly any thump from the 60 series Pirelli P6 tyres can be heard or felt inside. Even on coarsely textured surfaces, which can make enough noise inside some cars to drown the radio, the Volvo was quiet. Wind noise was subdued.

A tall driver and front passenger will find ample legroom and head room. In the back, there is more space than one finds in most personal coupés and the seats could be used by adults for medium-length journeys. There is not a lot of luggage space with four-up but few would buy a 480ES for family use. Folding the rear seat backrest—it is split 50/50—makes it possible to carry bulky things easily.

One of the best on-board computers I have come across provides useful information like oil, water and ambient temperatures, instant fuel consumption and range on fuel remaining on a big dial in the fascia. And I can see a lot of other makers copying Volvo's electronic peep to let you know the turn indicators are operating. It is much nicer than that death watch beetle clicking, and more penetrating too.

Future plans include ABS brakes, turbocharging and eventually, four-wheel drive. I can see the 480ES making a lot of friends among car buyers who fancy the idea of Volvo safety and integrity with a dash of sporting spirit.

Nick Garnett on an amazing car collection

Land of Silver Ghosts

Behind the green painted doors of a nondescript factory building in a cul-de-sac near the centre of Keighley in Yorkshire, 140 of the oldest and most exotic cars ever built are packed tightly into five rooms bedecked in automobilia. This, the biggest private collection of cars in England, bas never been opened to large-scale public viewing.

Below clusters of hanging signs for Gargoyle Mobiloil, John Bull tyres and Pratt's high test petrol, extinct marques of the British car industry—like the taodem two-seater "wheeled coffin" Tamplin, with its petrol tank strapped to the engine, and the snail-like two-tonne 10 hp Arrol Johnston—rub mudguards with the famous names in motoring history.

A Rolls-Royce Silver Ghost inhabits a quiet corner along with an 1894 Benz (the second oldest car io Britain); a Vauxhall that ja one of the first two built; and a magnificent 1912 Austin shooting brake, the first car in the country with twin tyres on its rear wheels.

The last motor driven into the single-storey structure, the fantastic contents of which are binted at only by a discreet blacksmith's sign oo a veteran four-wheeler hanging ahove the entrance, was a Mercedes 300 SL with gullwing doors once owned by singer Roger Whittaker.

The collection was put together by Peter Black, a German Jew who arrived in Britain in 1933 and went into business—so successfully, in fact, that Peter Black, a public company, now employs almost 3,000 in footwear and bousebold textiles, cosmetics, toiletries and distribution.

Mr Black, a man of aimple tastes, liked playing tennis nntil, after a painful injury, his doctor advised him to find a new bobby. In 1960, he began to collect cars.

This was four years after the Scblumpf brothers in Mulhouse, France, bought their first vehicles on the way to creating that staggering collection of 430 cars that became a cause célèbre for motoring enthusiasta and the trade unions of Alsace.

Uolike the Schlumpfs, who wrecked their textile business in pursuit of their obsession and had to flee to Switzerland, Mr Black kept his Keighley-based business quiet separate from his new hobby.

He died seven years ago and the collection is now io the bands of his two sons, Tbomas and Gordon—both in their 40s and joint managing directors of Peter Black plc—and daughter Josephine. New exhibits still are being acquired.

The public can see the cars—open nights are set aside for groups who write in for permission—but the Black family now is seeking a new homa for the collection so it can be opened on a commercial basis.

"Wa are looking for a country bouse with grounds aomewbere in the Yorkshire area which would allow us to bave the collection as part of a theme park," says Mr Thomas as he is know to his staff. "We bave not found the rigbt place yet."

When they do, people will get the chance to see, among other things, an incredibly detailed mock-up of a pre-1918 garage crammed with contemporary tools, tins of Chemico, Junior Shell and Johnson's carbon remover; and the weird looking AC Sociable cycle car.

That is, if they can take there eyes off the 1951 V12 Ferrari, the crazy Hanomag "army loaf" and the 1907 Niclausse, the eccentric black and yellow body of whicb was designed for models to show off the latest fashions on the Champs Elysee while keeping their dogs on the specially built "poodle seat."

Thomas Black inspects his father's collection of vintage and veteran cars, the biggest private collection in England, in Keighley, Yorkshire.

BRIDGE

THE ANNUAL Lords v. Commons rubber duplicate match, the twelfth in the series, was played last month. The following band, which occurred in the second rubber, did not advance the cause of the Lower House:

N
♠ 7
♡ K J 10 7 6 2
♢ A 9 5 3
♣ A 9

W
♠ A K
♡ Q 9 5 4 3
♢ K Q 8 7 4
♣ Q

E
♠ 5 4 3 2
♡ —
♢ J 10 2
♣ J 7 5 4 3 2

S
♠ Q J 10 9 8 6
♡ A 8
♢ 6
♣ K 10 8 6

The Commons, sitting North-South, were vulnerable wben South opened the bidding with one spade. West overcalled with two bearts, which is not recommended. True, he haa a good band, but his suit is too weak. North doubled.

East passed, expecting a massacre, but South was an angel of mercy. Perhsps feeling guilty that be bad opened on a mere 10 points, though his opening was absolutely sound, he removed the double into two spades. Surely the holding of Ace and another heart was reason enough to stand the double. I have no doubt that, if South had passed, West would hava rescued himself into three diamonds. That would have been doubled, and against proper defence—if North playa diamonds to prevent Dummy from ruffing hesrts—the contract would have been three down.

As it was, after South's two spedea North said three hearts, and South went three no trumps. West led a diamond, and this unhappy contract failed by three tricks. South sbould bave passed his partner'a bid of three hearts. This contract could have been made by careful play even against a dlamond lead, whicb is hest for the defence. At balf-time, wheo we broke off for lunch, the Lords were ahead by 30 points.

The next band, with Lord Smith of Marlowe at the helm, was awarded the prize for the best played band:

N
♠ A 8 5
♡ K 7 4
♢ K Q 4
♣ 10 8 5 3

W
♠ J 7
♡ 9 8 5 2
♢ J 9 8 7 6 2
♣ K

E
♠ 10 9 6 3
♡ A Q J 10 3
♢ 5
♣ J 4 2

S
♠ K Q 4 2
♡ 6
♢ A 10 3
♣ A Q 9 7 6

Both sides were vulnerable, but the Lords were trailing by some 500 points in this rubber. East dealt and passed, and South opened with one club, to whicb bis partner replied with that much abused response of two no trumpa. This time, bowever, we cannot fault the bid. South sbowed his second suit by a rebid of three spades, North gave preference with four clubs, and South closed the auction with five clubs.

West started with the nine of diamonds. Soutb won in band, and played his ace of clubs, dropping the king. Tbis excellent safety play gained the prize for the declarer.

Tba ace is played in order to avoid losing two trump tricks by making e wrong guess. If South wins the opening lead on the table, finesses the queen, and loses to the king, be will not know whether to finesse the nine, wben be regains the lead, or play to drop the knave. If West started life with king, knave, and another club, two trump tricks must be lost. If West holds king, knave alone, it avoids tha guess — and if, as bere, the king is singleton, the declarer is able to avoid the loss of any trump trick.

In this hand the safety play is vital, for if West is allowed to make his king, a diamond return will defeat the contract.

The Commons won the match by 900 points, to level the series six all.

E.P.C. Cotter

CHESS

GARY KASPAROV has now arranged a six-game training match with Tony Miles as his final preparation for the world title match which starts at London's Park Lane Hotel on July 28. The Kasparov-Miles series is expected to be staged in Switzerland in mid-May, at about the same time as the important Kleinwort Grieveson UK-US challenge match is played in London.

Jonathan Speelman, the British champion, will meet Lev Alburt, the US champion, at the Great Eastern Hotel from Wednesday, May 14 to Friday, May 23. Play is noon-6 pm daily, with free admission. A novel feature is that in the event of a four-four tie after eight games there will be play-off quickplay games to settle who receives Kleinwort Grieveson's £5,000 for the winner.

These major events will occur just as Tim Rice's musical Chess opens at the Prince Edward Theatre in London; while Nigel Short is near the top 10 of the world individual chess rankings.

All this means a favourable profila for chess in summer 1986, and a stimulus for average players to improve ready for the autumn season.

Half a century or more ago, many instructional books were written by moderately strong experts or lesser masters. They advised on general strategy and tactics, with main line openings and examples from tournament play; but they also featured prominently successful traps of the time.

Nowadays, instructional books are normally authored by grandmasters, right up to Karpov and Kasparov, and there ia a different emphasis. Readers are given either complex sophisticated variations from international chess or told to play by ideas rather than specific moves. Traps, at the low cunning level whicb you can hope tn pull off at Board 8 in a club match, ara either buried away in the text or deleted entirely as too obvious.

If a chess magazine started a regular column called say, Traps of the Month, it could well attract a wide readership. Last week's article presented a useful snare for Black in the Frencb Defence; bere is another little-known, but recently successful, opeoing plan.

White: Hecht. Black: Zinic. Centre Counter (Stuttgart 1986).

1 P-K4, P-Q4; 2 PxP, N-KB3; 3 P-Q4, NxP; 4 P-QB4, N-N3; 5 N-QB3? P-K4 !

A forgotten but productive idea which Karaklaic of Yugoslavia used in the 1950s. He observed that most players cboose 5 N-QB3 or 5 B-K3 instead of 5 N-KB3, P-KN3; 6 P-KR3, B-N2; 7 N-B3, 0-0 wben Black's game is slightly passive though sound. After 5 P-K3, P-K4; 6 PxP, QxQ ch; 7 NXQ, N-B3; 8 P-B4, B-KB4; 9 N-KB3, 0-0-0 ch; 10 QN-Q2, N-R5 ! Black takes the initiative.

6 PxP?

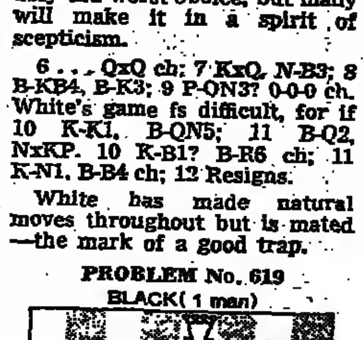
6 Q-K2, QxP ia not quite sound, 6 P-Q5, P-QB3 is comfortabla for Black whila 6 KN-K2 or 6 N-B3, B-KN5 take the initiative. The pawn capture is probably tha worst eboice, but many will make it in a spirit of scepticism.

6 . . . QxQ ch; 7 KxQ, N-B3; 8 B-KB4, B-K3; 9 P-QN3? 0-0-0 ch. White's game fs difficult, for if 10 K-K1, B-QN5; 11 B-Q2, NxKP. 10 K-B1? B-R6 ch; 11 K-N1, B-B4 ch; 12 Resigns.

White has made natural moves throughout but is mated—the mark of a good trap.

PROBLEM No. 619

BLACK (1 man)

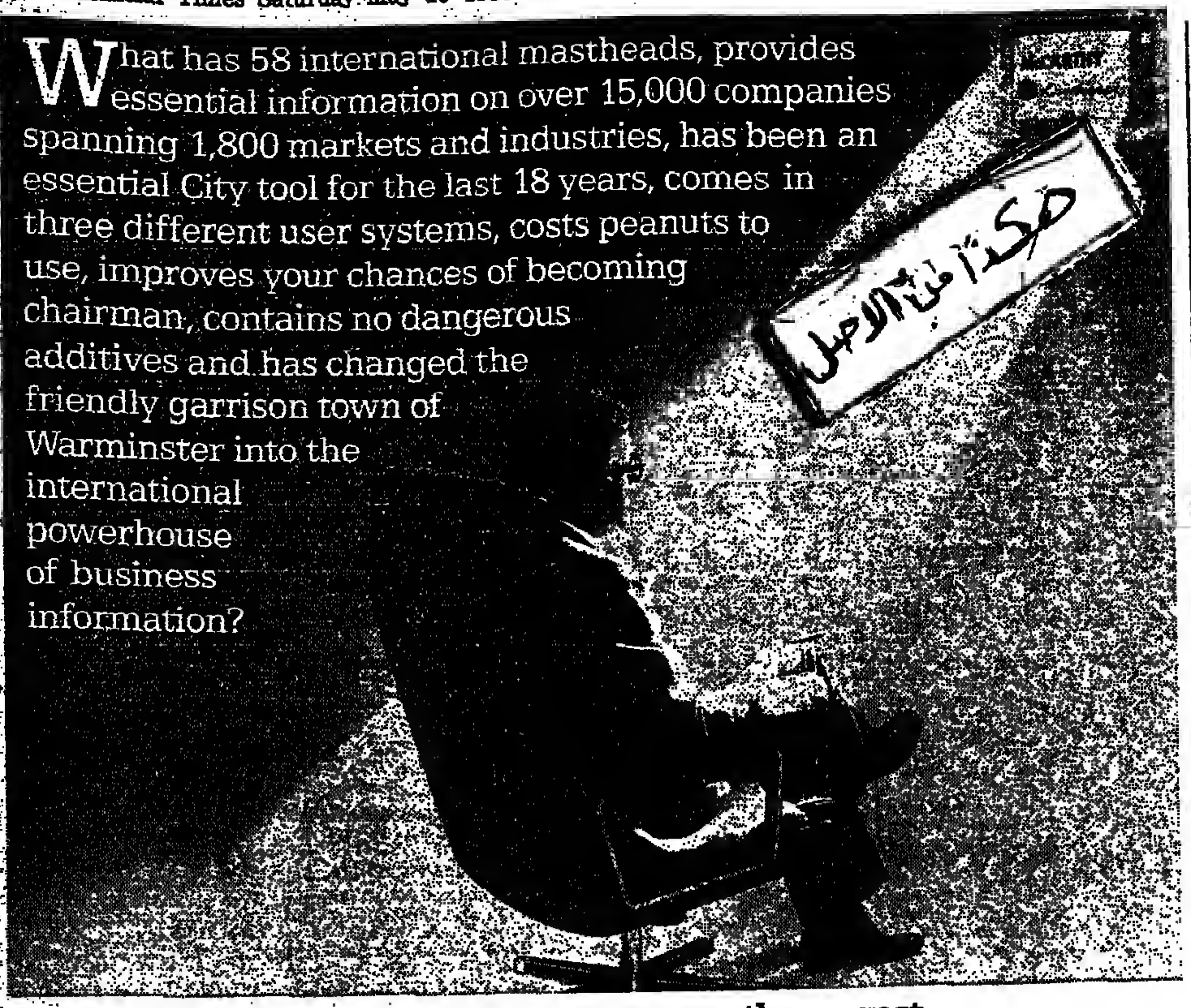


WHITE (6 men)

White mates in three moves at latest, against any defence (by M. Ehrenstein).

Solution Page XV

Leonard Barden



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FINANCIAL PLANNING FOR THE INDIVIDUAL

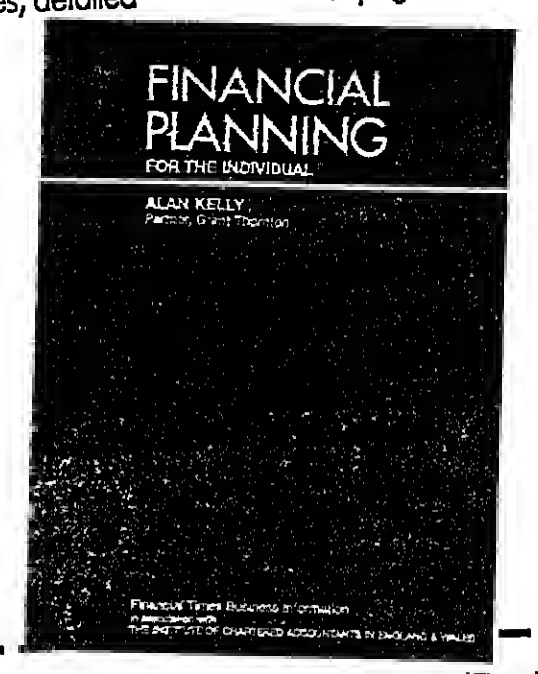
by Alan Kelly, Partner, Grant Thornton

With new schemes and new legislation keeping consumers and advisers on their toes, the demand for information on personal financial planning has never been greater.

FINANCIAL PLANNING FOR THE INDIVIDUAL, a new Financial Times handbook written by Alan Kelly, was originally based on the successful course run by The Institute of Chartered Accountants in England and Wales. It now covers additional subjects and new information.

The author's experience is wide and highly regarded. He has designed the book for clarity and ease of reference, with checklists of advantages and disadvantages, detailed examples, and a fully cross-referenced index.

The introduction, which discusses the purpose of planning and the professional adviser's role, precedes a key chapter on Investment Planning outlining the stages in this process, and the various savings and investment media available. The author discusses the merits of each in an overall plan, and gives examples of typical investment portfolios with their financial implications.



Descriptive chapters follow on Unit Trusts and Investment Bonds * the Business Expansion Scheme * Pensions for Directors * Pensions for the Self-Employed * Life Assurance * Tax Planning * Capital Transfer Tax * Mortgages * School Fees * Wills * Appendices giving a specimen planning questionnaire, details of retirement ages, estates under intestacy and further reading.

A page of addenda will cover the changes brought in by the 1986 Budget.

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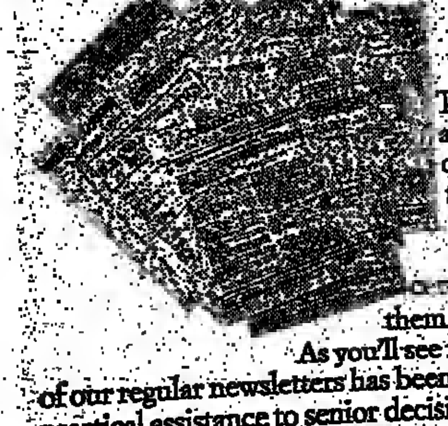

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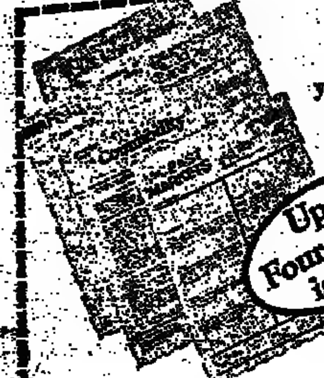

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ENGLAND

Still life in Cezanne's landscape

Nicholas Woodsworth on the continuing story of Chateau Noir

EVERY year thousands of Europeans and North Americans on holiday in France make a pilgrimage to a nondescript suburb in the Provençal town of Aix-en-Provence. In a small house threatened oo every side hy encroaching real estate developments, they come to view, and venerate, a strange collection of objects.

Skulls, candlesticks, empty bottles, dried-out pomegranates, moth-eaten sweaters, worm-eaten walking sticks and chipped flower vases are among the items they point out to each other io hushed terms of respect. Their reverence might seem to amount to cult fetishism, hut for anyooe in love with Post-Impressionism their attitude is wholly excusable. Used as models for his still-life compositions, or simply as everyday articles, everytbing here, including the house, was once owned by painter Paul Cézaone.

For all the activity of tourists, Cézanne's studio is something of a still-life itself. Uninhabited sioce the painter's death 80 years ago, it has become an inanimate museum, a repository of the effects of a long-departed spirit. Even the apples put ont beside pitchers and vases to recall well-known tahleaux are withered and dead-looking. If ghosts remain on in houses, this is defioitely not the one in which *Paul Cézanne's ghost* chose to take up residence.

Alan Roberts under Cézanne's motif

Just as surely, though, there is aoother house not far away on the narrow, winding road that leads out to Mont Sainte-Victoire—a mountain made famous by Cézanne in his paintings—that vihrates from top to bottom with the paioter's spirit. Unmarked, invisible from the road, secluded in a forest of parasol pines, Château Noir is a quiet, sequestered place known to the world at large only as a motif in numerous Cézanne paintings.

Built in the middle of the last century by a wealthy Marseilles industrialist as an enormous playhouse for his danghters, Château Noir, with its steep roofs, tall *Gothic* windows and rows of stone pillars that hold up nothing, is a typical of the architecture of southern France, a fantasy-house produced by a rich man's Imagination. But desd it is not. Since Cézanne died in 1906 after having been caught out in a rainstorm while painting not far away, it has continued as an active artist's colony, its stone walls harbouring a creative spirit moulded by the Master.

Alan Roberts, Jim Touh aod John Gasparach are three American painters, all in their *mid-30s*, whose lives have been intimately connected with Château Noir for at least a decade. *Like* most of the dozen American, European and Asian paioters living and working there, each discovered Château Noir after coming to the South of Fraoce with just a vague interest in art. They found some *magic* that made a decision to *remain* compelling, and all three are now full-time paioters and art teachers. Not only do they have the calm and *natural* surroundings conducive to the creative process, hut all around them are reminders of Cézanoe's guiding hand, a rich artistic legacy they can build on.

Cézanne was first attracted to Château Noir in the early 1890s. After years of painting around there he offered to huy the uninhahited property but was refused. He eventually settled for a room off the chateau's courtyard where he could work and enjoy the free run of the place.

Château Noir's lure is still *much* in evidence today. Moot Sainte-Victoire, a symbol of Provence, hangs suspended not far away in the clear, scintillating light for which this Mediterranean region is renowned. There is a wonderful rolling patchwork of green pine forests, rich, red-soiled vineyards, wheatfields, olive groves, cypress stands and occassional Provençal stone farmhouses. In winter everything is bathed ln a soft, southern sunlight. In summer the pines provide a dark, cool shade from the fierceness of the day, and tirelessly singing cicadas drive away any worries one might have. It is a place of pure enchantment, well suited to haunting hy a gentle ghost.

Alan Roberts, too, has a studio giving onto the château's courtyard and from its door he has direct entry into the Post-Impressionist's world. *Right in froot of him* in the centre of the courtyard is the same gnarled pistachio tree that *Cézanne painted io 1900.* Numerous motifs lovingly rendered by Cézanne io oils and watercolours lie only yards away ln every direction.

Cézanne began a tradition at Château Noir. After his death, the château's owners, the Tessier family, divided the building into several apartments and studios and began to rent them. The Tessiers are still there today and *artists are still* the only people they will take as tenants. To maintain its quiet, creative atmosphere, the rule of "no musicians, no dogs and no hahies" is still strictly enforced.

Pistachio Tree in the courtyard of Chateau Noir c. 1900

The artistic tradition at Château Noir has been upheld by some illustrious personalities over the decades. The French Surrealist painter Andre Masson, for example, has had a house on the adjoining property for years. *Leo Marchutz, whose* works hang in the Museum of Modern Art in New York and the Louvre in Paris as well as other places, preferred to spend most of his life quietly and anonymously at Château Noir.

Influenced as an adolescent by the works of Cézanne and van Gogh, German-horn Marchutz came to the South of France to paint in 1928. He recognised from a photograph Cézanne's former coachman while sitting in a cafe in *Aix* and asked him to point out some Cézanne *motifs.* The coachman might have taken him to any of a number of places hut headed for Château Noir. That was enough, and for the next 40 years the château was Marchutz's home.

In 1933 the young American John Rewald, today one of the world's outstanding art historians, came to Aix to research a literary thesis on Emile Zola, another creative genius who had been horn and lived in Aix. Rewald met Marehutz and it wasn't long before the young academic's interest veered from Zola to Cézaone. He moved to the chateau and together the two Cézanniens hegan to rediscover the exact sites of the dead painter's motifs. So excited did Rewald become with his investigation of Cézanne that he eventually dropped his promisiog literary career for that of art history. While today he is a *recognised* authority on all aspects of the Impressionist and *Post-Impressionist* eras, Cézanne remains his first and greatest love.

Marchutz also encouraged generations of young American undergraduates studying in France to learn about Cézanne and develop their skills aa painters. In 1956 he began to teach at the newly formed Institute for American Unlversities in Aix. Some of his most dedicated atudents decided to remain on and eventually moved to join the European painters living at Château Noir. Roberts, Touh and Gasparach were among them.

Marchutz died in the mid-70s, hut they carried on his *tradition as* art teachers at the Leo Marchutz School, less than a mile from Château Noir, which *remains an ideal place to live* and work. John Gasparach, however, faces a prohlem: he *and his French wife* Michele, also a painter, have recently become parents and must find another place to *live.*

French, Japanese, Norwegian and Cambodian painters now share Château Noir with the Americans hut cultural differeoces have not led to tension. While artists here are as fiercely independent in their work as they are anywhere else, there is a friendliness and similarity of lifestyle at Château Noir that encourages them to share thelr lives and ideas.

And there is a common influence they cannot escape: *no matter* where they turn they see the *same* living tahleaux seen, *loved* and painted by Cézanne at the turn of the century. Small wonder that they feel his ghost is never very far away.

Archaeology

Golden illusion shattered

PYRGOS IS a Minoan hilltop village on the south coast of Crete. It had grand buildings and a long life between 2600 and 1450 BC, despite being hurned *down three times.*

The village was excavated in the 1970s and we are still working on the prolific finds to be ready to write the final report, *which* will provide evidence of the astonishing richness of provincial Crete in the second millennium BC.

The hill of Pyrgos (meaning "tower" and named for the *Venetian* and Turkish beacon-towers there to warn people in the interior of pirates) is on the east side of the *mouth* of the river, opposite the village of Myrtos. The schoolmaster found the place, and the first archaeologists came to look in 1962.

We climbed the *hill* and found wonderful views, the Libyan Sea to the south and the Lasithi mountains *encircling the* northern horizon. On the surface were pot sherds which showed its long use, traces of walls and broken stona vases.

The farmland in the river valley below would have supported the Minoan village. In the storerooms of the 15th century BC country house were vetch (used by the ancients like peas) and barley; while greasy earth in one jar meant olive oil. A clay tablet written in the Minoan linear A script lists 90 units of wine.

Pyrgos controlled the ancient route from the centre of Crete to the east, which did not go past Mallia hut came to the south of the Lasithi mountains. A little inland an elegant Ottoman hridge that would grace *any French* river took the old road at sea level to Ierapetra. Pyrgos, as a natural strongpoint, *would have* been an important staging post.

The first settlers must have *chosen the place because it* could be defended easily. But almost all traces of their settlement were swept away by later rehuilding. Burned mud bricks showed there had been a fire. The pottery was of good quality. And there were simple soapstone seals, pierced to be worn on a string and used for stamping goods, which show an early idea of possession of property and suggest the village had been quite prosperous for its time.

Around 2000 BC for a terrace was made on the west side of the hill on the dehris from the fire, and a road laid on *it,* approached hy steps coming down from the summit. The road leads to a small yard outside a two-storey tomb that looked like a house. The dead went into the downstairs room and, when the flesh had rotted, the bones were pnt into ossuaries beside the tomb.

One ossuary is an oval pit containing a large jar (pithos).

The long bones were crammed so tightly into the pit that they could not possibly have been put there before tha flesh had been removed. Skulls were stacked around the base of the pithos.

The pithos was left to last for excavation. The villagers were sure it held gold. But when it was opened there were just more bones, with a stone in the mouth of the jar to keep them *in place.*

The total of dead from the tomb and ossuaries was around 65. The tomb was used for the rest of the life of the village, till the 15th century BC — probably not continuously, as not enough dead were found to fill the years.

The upper floor was for offerings, which had cascaded down on the remains of the men on the floor below. (No women have been identified. It is not *known* where they were buried.)

The burial chamber had two levels of dead in it, and a larger of *rain-washed* earth with white flecks and charcoal between. The charcoal may be from fumigating the tomb. The white may have been from quicklime —still used in Greece for hurial —or from whitewashing the tomb, which would give form to the Bible's whited sepulchre.

The tomb, its yard and approach road are imposing *public monuments.* Why were they built? Perhaps the intention was *to* honour the dead of the first settlement and so a terrace was made using the debris of *the fire* that had destroyed it. More likely they were to mark a new settlement altogether, which would explain why the tomb was used for so *long.* It was in fact an integral part of the village.

The next set of public monuments are equally striking: a large cistern protected by a tower, and a small cistern. Cisterns are rare in Minoan Crete. To have two at one site is extra-*ordinary,* especially at such an early date as 1800-1600 BC. The large one is over 5m in diameter and over 3m *high,* with a capacity of some 90 tonnes of water. It was built into the slope of the *hill,* a risky thing to do with such weight. Not surprisingly the dam broke at some time; and the *cistern* later became a rubbish dump. But in the mud on the plastered bottom we *found broken* water jars and cups.

Archers on the tower would have protected people *drawing* water and deterred the enemy. I think we are right to detect threat of siege. If this was *not* so, there was no need to build tower and cisterns, and water could have been brought up from the river, as must have happened at other periods.

To cap it all the village was again burned in a fierce fire.

The pottery gives a clue to what happened. We found masses of it, perhaps 200 baskets each containing 500-750 sherds, with the possibility of joins between any of them. It has been the largest jigsaw puzzle one could conceive. This had all fallen down tha hill and must have come from some important building on top of which does not now exist. The tower and cisterns would have served it.

The style of the pottery is not like that of Knossos and Phaistos in the centre of the *island,* but like that of Mallia on the north side of the Lasithi mountains and of the town of *Gournia* on the north-east. This different cultural zone probably means a different political zone —there are signs of other regional groupings in Crete.

Since in the succeeding period the culture of Knossos seems to pervade the whole island, we may guess that it was Knossos that caused these destructions. They established its mastery of Crete and only in the 16th century did the island become unified. The idea of Minoan peace *holds probably* only for 1600-1450 BC. But in that time an elegant country house was built at Pyrgos as the greatest architectural achievement of the Minoan village, and was destroyed by fire in its turn.

Gerald Cadogan

Collecting

Toucan tyro

Gilroy: "I've always been a jolly man"

JOHN GILROY *may* not be a household name, yet for half a century his drawings were known and loved by the entire British population. Gilroy was the man who created the menagerie of beaming animals who were forever evoking the anguisbed cry of "My Goodness, My Guinness" from their red-faced keeper as they made off with his *staple* beverage. Gilroy's Guinness posters—never aggressive, making their appeal hy humour and charm—remain one of the most successful campaigns in the history of advertising.

Humour and charm seem to have heen the distinguishing qualities of Gilroy himself, who died last year at the age of 87, active to the end (as late as 1984 Guinness tried to woo him back to his old joh). His *training* was academic; he only became a commercial artist, he said, because "I wanted to put a little jam on the bread aa well as butter."

A Newcastle man, whose father was a well-known Tyneside landscape and marine artist, Gilroy's education hegan locally at Heaton and Armstrong College (endowed by the *Tyneside arms king*). He saw war service in France and in Palestine where he encountered T. *E. Lawrence,* whom he did not like.

After the war his fine draughtmanship won him acholarships to the Royal College of Art and travelling scholarships to Franca and Italy. In a period of aggressive avant-gardism, he stuck doggedly to a formal representational style in genre and portrait painting.

Some of his rarely seen academic paintings are now hriefly on show; Christie'a South Kensington is *selling* the contents of Gilroy's studio next Tuesday. His genre scenes — such as a *charming,* detailed impression of a cricket match in the 1930s—recall a corner of some epic Frith painting. Gilroy's impressions of music hall artists on the other hand, exploiting dramatic stage lighting, seem inspired by Sickert.

In the 1920s *he* met Edward, Prince of Wales, at the Royal mid-Surrey *golf club,* and was commissioned to paint him. After this his portraits hecame popular with the Royal Family; he was to paint three generations.

Royal commissions, however, did not spread the jam very thick. In the late 1920s opportunities for commercial artists were opening up fast, and Gilroy joined Bensons' Advertising Agency. His first work there included the Skipper Sardine fisherman, the Virol infant (modelled from his own son), and a re-drawn Johnny Walker.

When Bensons' landed the lucrative Guinness account, Gilroy was put to work on it. "I've always been a *fairly* jolly man and I thought the Guinness campaign needed a touch of humour," he told a reporter in 1984; "I went down to the Zoo and had a look at the animals." The Christie's sale includes some careful animal studies which reveal how the comical creatures of the posters evolved from their Regents' Park real-*life originals.*

The earliest seems to have been the Toucan. The bird was to make several comehacks. On his first appearance he was accompanied by the verse:

If he can say, as you can,
Guinness is good for you,
How grand to be a Toucan—
Just think what Toucan do.

Sports, especially angling and golf, figure ln hoth his serious paintings and in the humorous drawings he did for greetinga cards. His sketches of music hall performers range from Will Hay to Tommy Copper.

In market terms Gilroy is a minor artist: at Tuesday's sale the drawings and water-colours are expected to sell for a £100 or so apiece, and even the more important oils are estimated at only five or six hundred pounds. Yet they are pictures capahle of giving a lot of pleasure—for the fine draughtsmanship that distinguishes even the roughest preparatory sketches, and for their sheer *joie de vivre.* Yon could *invest* in worse qualities than these.

Janet Marsh

WINE

THE MOST sensational development in recent wine history has heen the growth of high quality production in the US (principally California but now spreading to other states, such as Oregon), Australia and New Zealand.

California wine growing goes back to the first half of last century hut was largely defeated by Prohibition and remained on a small scale until the 1960s. *Even* in 1969, there were only 20 vineyards in the Napa Valley, but 10 years later there were *120.*

California's product became really widely known ln Britain *only as recently as 1976* after the celehrated blind tasting in Paris when soma leading red's and *whites "beat"* a *similar* number of French wines. It was not a truly fair comparison, as *fine French* white hurgundies and clarets take longer to develop than the generally richer, more *immediately* attractive Californias. But it was wonderful publicity

The *impact of fine Australian* wines on the British market haa heen even more recent than the Californian, but today every serious British merchant lists at least a few. Nearly all Australia's annual output is consumed within the country, but last year 7,000 hl was sent to the UK, e total that is certain to increase.

In New Zealand, relatively large-scale viticulture has been the creation of the past 10 years, but 6,000 ha ls now under vines; and in spite of the severe legal restrictions on wine-selling until a few years ago, New Zealanders now drink more wine than Britons: 12.8 litres each compared with nine litres in the UK.

To promote these three "new" sources of quality wines, three marathon tastings are held in London every year. The California one is organised hy Geoffrey Roberts, whose firm has been the pioneer in Britain of these wines; the other two are run by the respective high commissions.

As there were 75 wines at Geoffrey Roberts's tasting this year I concentrated on the white chardonnays, which are prohahly California'a most successful wines although they can he over-alcoholic. I particulary liked the 1984 Edna Valley (Amis du Vin, Ariel Way, London W8, and La Vigneroune, Fulham Road, London SW, at £8.50): the 1983 Trefethen (Oddbins and La Vignercnne—£11.74); the 1983 Rohert Mondavi Reserve (Oddbins and Peter Dominic) and the 1983 Joseph Phelps (Amis du Vin and Majestic Warehouses—£8.90).

Before this tasting, Trefethen (one of the more senior and distinguished Napa Valley wineries) held a hlind tasting of eight of its chardonnays, between 1976 and 1983, although not served in strict date order. For many years, Trefethen has used mainly French oak for part of the maturing period. Those I liked best were the 1981, oaky in aroma and taste, strong in alcohol and a wine for the future; 1980, with a hint of chocolate on the nose and honey on the taste; the 1978, with a particularly fine bouquet and very well balanced flavour; and the 1976, with a acented aroma and flavonr. Geoffrey Robats, Charlotte St, W1 haa the younger vintages.

The Australian tasting was arranged on an importer/agent basis—22 of them scattered abont the country—rather than one of grape varieties, and some had no prices listed. However, Averys of Bristol, who have been selling Australian *wines* for 20 years, gave retail prices.

With well over 100 wines on show I again *concentrated* on the chardonnays. There was an excellent 1984 Tyrrell's, fairly soft and well balanced (£7.85), aod a 1984 Lindeman's 1985 Padthaway, oaky and slightly sweet in flavour. Among others, the 1984 Wynn's Coonawarra (Hatch, Mansfield) had a fine aroma and generous flavour, and Seppelt's 1983 Reserve Bin (Eldridge, Pope of Dorchester) was soft.

The 1985 Tyrrell's VAT 47 (A. H. Wines, West Camel, Somerset) was very attractive, with a slight lemony flavour, and outstanding was the 1983 Petaluma (Haynes, Hanson and Clark, Lettice Street, London SW6)—£9.95 with a smoky nosa and elegant flavour.

Among British firms with particularly interesting Australian wine lists are Adnams of Southwold; Averys of Bristol; Justerini and Brooks, St James's Street, London SW1; Alexander Findlater, 77 Abbey Road, London *NW8;* and Lay and Wheeler of Colchester.

The 46 New Zealand wines from 15 vineyard properties were more accommodatingly arranged hy grape variety.

So far, the chardonnays provide the most successful New Zealand wines and there were 13 of them at this tasting, mostly of the 1985 vintage and fermented in French oak

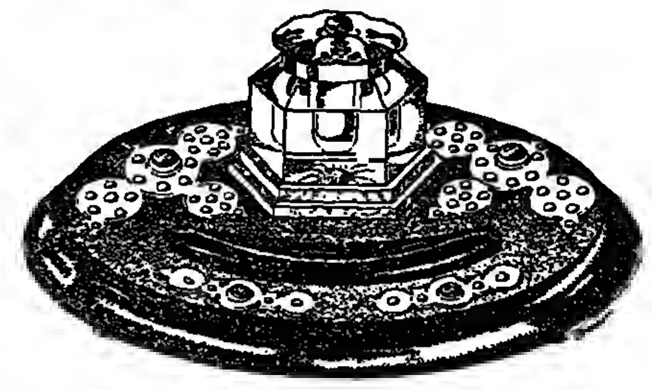
I found the 1985 Nobilo Makaraka (Averys of Bristol) attractively oaky and fruity and the 1985 San *Marino* Kumeu River well-balanced between fruit and acidity, with real style; while the 1985 Pacific Wines had a good, full body. But the chardonnay I liked best was the 1984 Delegate Vineyards (Windrush Wines, Cirencester) that was oaky and with a flavour very characteristic of the grape.

Edmund Penning-Rowsell

Lucia van der Post

HOW TO SPEND IT

The pen: ultimate luxuries



THERE is a school of thought that believes that everything we wear or own tells the world a great deal about us. This kind of thinking is worrying for those of us who are sure that really, deep inside, we are a lot more chic than the nondescript ballpoint with the chewed-up end we happen to be carrying would indicate.

You will have gathered from this nervous little introduction that pens are the latest object to be thought deeply significant. Even those who don't find them all that significant are finding them a lot more fun.

The fountain pen is once again on the up and up. There were lots of scary moments way back when a certain M. Bic who, though not the first to invent the Biro (one Lazlo Biro did that), brought the ballpoint pen within the reach of all. Ballpoints may seem everyday enough now but then they were revolutionary and the world clamoured for them. Anybody who has ever been to the Third World will know that there they are still prized possessions, as sought-after as sneakers.

Today that has all changed. All the manufacturers and all the shops that sell them report that interest in fountain pens is growing all the time. At Mont Blanc, sales for the past *financial* year were up 60 per cent on the year before, and over at Parker demand for their £2,000 Premier (the one the ads are "happy to arrange a mortgage" for) outstrips supply.

New fountain pens offer several distinct styles to choose from. There are those that appeal to what I call the matt black brigade — like Lamy. Lamy is high on the cult list for those style-persons who favour modern functionalism above all. As Peter York in Modern Times puts it: "Lamy is very designery and Milany and Hi-Tech. Matt black, flexy rubber bits and a black nib all make this pen."

Watermans seem to be the favoured pen among the younger set, particularly the lacquered effects, and ever since the dashing Francine Gomez took over the company, its sales have been shooting ahead.

The Parker, everybody reports, is the favoured pen of those who care most about the fundamental purpose of a pen—how it actually writes. The Parker, they all say, is the pen for those who actually engage in the craft of writing as opposed to those who choose a pen for what it says. Many rate the Parker 51, designed by the Hungarian Moholy Nagy and now, alas, no longer made, as the most efficient pen of all time.

But of all the modern pens, the one that says the most, the one whose *messages* are currently most desired, is the Mont Blanc Meisterstuck Diplomat (there are many pens in the Mont Blanc armoury but only the Meisterstuck has achieved this extraordinary cult status).

It is, on the face of it, an unlikely object to have become imbued with so much meaning. To begin with, its appearence is at odds with its birth date—it looks for all the world as if it is a survivor from antique *times* with its voluptuous body and its ornate nib and gold band and yet it was designed as *recently* as 1924.

As Deyan Sudjic points out in one of his elegant essays on the subject of Cult Objects: "The glossy black Mont Blanc Diplomat. . . as fat and as heavy as a torch, may be just the thing to dash off a peace treaty, but it seems a little excessive for a shopping list. It contrives, however, to be effortlessly superior to lesser *breeds of writing implement*. . . Brandish a Mont Blanc and people will know that it is expensive. *Yet it also* carries in coded but unmistakable terms, the message that this is no mere ostentatious status symbol. It is authoritative without having to raise its voice: it is the carefully selected possession of an individual of taste and distinction, one who is serious about getting the best.

Besides its cult status, the *Mont Blanc does* have one other important claim to fame — it fits neatly down the spine *of* that other *great* cult *object* of style-persons, the Filofax (and you then clip it into the *ring*). *Filofax owners*, who, of course, take such matters seriously, have always had a problem with pens — the actual pen-holder provided is too narrow to take the sort of pen a Filofax owner would care to be seen accompanying.

There are those who feel that all this cult-worship has done the Mont Blanc little service. Indeed, Ashley Lloyd-Jennings of Hackett, who always has a sensitive nose for the mood of the moment, believes that now that it is so widely available and so widely desired that it has lost its once *exclusive* status. "Now you can buy it anywhere," he says, "when once you really had *to want one* to track it down."

Along with the interest in *modern* fountain pens has grown up a cult following of antique pens. At Hackett, the Parker Duofold and Slimfold, with their lovely Bakelite bodies, sell almost as fast as they come in, at about £25 a time. The Parker Victory, with its old-fashioned look and *its* marbled or mottled Bakelite body is, at £35, another sought-after model, while Parker 51s, at about £35, are a snitch.

At Paul Smith, another style-leader, *there is always* a collection of antique pens, which Paul Smith himself has collected for years. "*They* sell to the same sort of people who buy old watches. Watermans at between £25 and £50, are the most popular here but Swans and Conway Stewarts (they seem to bring back inky-fingered memories of the classroom) are also sought after.

The Parker 51, a genuinely innovative and radical design in its time, is the pen those really in the know want to have and collectors come from all over the world to buy them up. Peter Woolf of Penfriend recently bought up the old stock of a stationer closing down and found a stack of unused Parker 51s. "As soon as word got out what they were, *they* were *sold* out in a couple of weeks."

Looking at the prices it is possible to pay for a new pen, the antique ones do indeed seem incredible value. When you consider that a Mont Blanc Diplomat sells for about £138, a Cartier for about £150 and a brand new *Waterman* starts at about £50, a Parker 51 at £35 seems a bargain too good to be missed.

PENS for all seasons. From left to right: Mottled blue Conway Stewart, junior size, post-war design, £35. The only pen here *not* a fountain pen—the new Leonardo by Mont Blanc, £11.75, has a push button ball point mechanism and is made from stannium alloy. Available from Authentics, 42 Shelton Street, London WC2. The famous Parker 51, designed by Moholy Nagy, maroon body with gilt cap, £55. A limited edition Ambassador dating from the 1930s, £75. Mottled green Bakelite, Conway Stewart, from the 1930s, £35. One of the cheapest pens on the market and certainly the cheapest Waterman—the Jiffle Sorbete at £1.90 is designed to initiate children into the joys of the fountain pen. 1920s Art Nouveau brown and gold Waterman, £150. Today's cult pen, the Mont Blanc Meisterstuck Diplomat (note the height of Mont Blanc, 4810, engraved on every gold nib), £138. 1929 Parker Duofold (the "Big Red"), in burnt orange, £150. Early Bakelite, marbled Waterman, dating from 1920, £175. All antique pens available from Mansfield, the new ones from good pen shops. ... Sketched immediately above an 1880s inkwell set in ebony, embellished with brass and turquoise stones. £275 from Mansfield.

Post Script

THE COTTON SWEATER has become the classic stalwart of the summer wardrobe — warm enough to provide some warmth on those very unsummery days and yet fresh enough to seem quite different from its wintry, woollen cousins.

However, it hasn't always been easy to find cotton yarn by the metre. Those who prefer their sweaters to be made at home will be happy to hear that Rowan has brought out a marvellous range of 100 per cent pure cotton which can be bought in 50 gram balls used to knit up into pattern you choose.

The cotton comes in a wonderful range of colours—cream, white, string, beige as well as deep navy, royal blue, turquoise, yellow and rose pink.

Find them in all good knitting yarn shops — together with a collection of up-to-the-minute patterns by designers of the calibre of Kaffe Fassett, Jane Wheeler and Annabel Fox. The yarn is £1.29 a 50 gram ball, the patterns 60p each.

A LITTLE-KNOWN (to me, at any rate) company called Rohan has gradually begun to develop a cult following for its wares. Rohan specialises in offering garments for the active man or woman—they don't have quite the classic charm of the traditional safari clothing sold by Banana Republic (with which HTSI readers will by now be familiar) but they are, afficionados tell me, among the most practical garments for their purpose around.

Sleeves are roomy, fabrics when meant to be waterproof are waterproof, colours are, on the whole natural (dark green, grey, blue and gold), several designs are not just waterproof but also windproof and fast-drying.

They are the clothing outfitters for *those planning to* go on safari, climb a mountain, go walking in the Fell *district, camping* in *damp* or cold conditions.

The range is too large to describe in detail—either visit the showroom at Rohan Shop, Long Preston, Skipton, North Yorkshire or 1-3 Knobworth Gate, Giffard Park, Milton Keynes or order the catalogue from Rohan Designs Ltd., 30, Maryland Road, Tongwell, Milton Keynes.

News In Brief ...or Nibs, Nibs, Nibs, Nibs, Nibs, Nibs, Nibs.

ALL good journalists love the virtues of what is known in newspaper terminology as Nibs—the News In Brief column, so useful for compressing much information in limited space. How To Spend It goes one better: our own Supernibs column . . .

MANSFIELD, 30-35, Drury Lane, London, WC2.

Though the delightful elderly master of the penmaker's craft who could charm back to life even the most decrepit of instruments has now sadly died, Mansfield still offers to service almost any pen, no matter how old. Peter Mansfield, who owns the shop, has been a pen fetishist for years and has about 15 tea-chests full of bits and pieces collected over the years from which something can nearly always be pressed into service when a much-loved pen *falls* upon hard times. A complete service for an old pen, which would *include cleaning and* replacing the ink sac, is £6. You can find a wide selection of old pens: in particular Conway Stewarts, Parkers (both 51s and 61s) and a few old Watermans.

HACKETT, 65b, New Kings Road, London SW6.

Specialist in the upmarket second-hand clothes and accessories world, Hackett, has a small but impeccable collection of second-hand pens on sale. Hackett is fond of Parkers (in particular the Duo-fold, slim-fold and the Victory, but there are also some 51s). Conway Stewarts and a few Watermans and Mont Blancs though this is not a pen of which Hackett really approves. "Once it was a real gentleman's *pen*, now you see it *everywhere*, bought by people for whom it is just a status symbol." All *the* pens are overhauled before they are sold but there is no full-scale repair service.

LONSDALE ENGRAVING, 28, New King's Road, London SW6.

Operating in Super Sloane territory, Lonsdale Engraving has, not surprisingly, been dubbed the "Super Sloane Stationer" by the Sloane Ranger Directory. Nevertheless, it does super hand engraving on stationery of all sorts at very reasonable prices. In its new expanded home (opening 21st May at the same address) it will also be selling a much-expanded range of pens—including antique ones. Among the sparkling new Mont Blancs, Sheaffers, Parkers and Watermans those who prefer their personal accessories second-hand and slightly worn will be able to find a selection. There is no repair service on the premises.

PAUL SMITH, 43-44, Floral Street, London WC2, 23, Avery Road, London W1, 10, Byard Lane, Nottingham.

Always something of an arbiter of taste, Paul Smith, *better known* in the world of masculine clothing, always has a selection of personal accessories that have satisfied his stringent eye. He has always had a taste for old things and has been collecting second-hand and antique pens for years. There is always a selection at his shops and he is especially fond of Swans, Conway Stewarts, Parker 51s and old Watermans. When it comes to Mont Blancs he only sells new ones. *All* old pens are overhauled but they don't run a repair service.

PENFRIEND, Bush House Arcade, Bush House, The Strand, London WC2B 4PH.

Peter Woolf, who owns and runs Penfriend, is an ardent pen enthusiast. He started collecting *them* as a small boy and now runs what he describes as "the largest independent repair service in the *Western* world." People send their ailing models to him from far and wide and somehow he manages to coax them back to life. He *will* repair for anyone, not just those who buy from the shop. He is adept at dealing with pens, whose parent company is long defunct (like Swan "possibly the best nib ever made," Conway Stewart, Wyvern, Mentmore, and Onoto). A *simple* service is £4.50 plus VAT and postage and packing (it does a lot of mail order work). More complicated repairs are costed according to the time they take. He will also grind nibs for those who are left-handed and anybody else with a special need. He sells both old and new pens and, just to fire the enthusiasm, displays a selection of rare specimens from his own collection. There is a glass pen from 1889, a Georgian pen from the 1820s and a large range of dip-pens going back to the 1830s.

PENCRAFT, 119 Regent Street, London W1.

Another very good pen shop, run by enthusiasts who take a great deal of trouble to help you emerge with just the model for you. They stock all the best makes and more besides, ranging from as little as £8 to about £150. They will do their best to repair any pen, whether bought from them or not, but as spare parts for *many* of the big old names are no longer made, it is not always possible. However, like most pen enthusiasts, they are an ingenious bunch and seem able to recycle bits and spare parts endlessly. They are not often stumped.

POSH PENS, Boston Manor Road, Brentford, Middlesex.

A useful address is Posh Pens because it has a catalogue (free on request) and anybody living in remote *districts* can *order* by mail. However, the range of fountain pens they sell is somewhat limited—Lamy (a German company with, it appears, a very loyal following), Aurora (Italian) and Papillon (German and Japanese). However, if you do buy a pen from them they run a mail order repair service which takes about a week.

THE PEN SHOP, 27 Burlington Arcade, London W1.

These are the fountain pen *specialists* who unashamedly boast that there is no pen shop like them. True afficionados, they stress that the right pen for you depends on getting the nib right and they will go to endless trouble to help. Their prices start at about £13 and go on up to £2,500 for a solid gold Parker. They, too, offer a repair service and, spare parts permitting, will try to mend any pen no matter how old.

JOSEPH POUR LA MAISON, 16 Sloane Street, London SW1. *In this Temple of* the matt black design cult you will find only pens that accord with owner *Joseph Ettedgui's* stringent standards — Mont Blanc ("the Rolls-Royce of Pens") and Lamy are the select two.

OGGETTI, 100 Jermyn Street, London SW1. 133 Fulham Road, London SW3. Another cult shop with rigorous selection process—here Mont Blanc, Cross, Lamy and Sheaffer have made it.

A FEW GOOD PEN SHOPS OUT OF LONDON

PEN SENSE, 5 King Street, Nottingham, NG1 2BH.

Only deals in new pens but will offer a reliable repair service for anything up to about 10 years old.

G N PRATT, 20 Thornton Arcade, Leeds, Yorkshire.

Only new pens.

THE PEN CORNER, 12 Sackville Street, Hull, Humberside.

Only new pens.

Ring in the changes

Wendy Ramshaw's name will be familiar to anybody who has taken even *the* smallest interest *in modern* jewellery trends over the past few years. She has always been an innovator and has been responsible for changing the way many of us think about jewellery. She was, for instance, the first to feel strongly that jewellery should have a visual life beyond that of adorning its owner — in other words, she designed many pieces to provide decorative interest when sitting upon a mantlepiece or dressing-table as well as when sitting upon the finger or round the neck.

Her famous Perspex towers, of *intrinsic interest* in themselves, were created to provide a way of displaying the rings when not in use.

Those interested in her work should make a point of going to the *Electrum* Gallery, 21 South Molton Street, where her latest exhibition runs from May 14 to June 7.

For the exhibition she has concentrated on the ring—made from *silver*, gold, *enamels* and semi-precious stones.

Victorian eccentric

AUGUSTUS HARE: VICTORIAN GENTLEMAN
by Malcolm Barnes. Allen & Unwin. £20.00, 240 pages

AUGUSTUS HARE published his own life story in 1894 and it took him six volumes and four hundred thousand words. The New York Times described it as "the continuous wail of a very garrulous person" and the Pall Mall Gazette was "filled with genuine pity for a man who *can* attach importance to a life so trivial."

This adverse reaction was partly due to a Victorian horror that anyone should reveal in print the dialogue and anecdote of intimate friendships—friendships, moreover, among the rich and titled. Augustus Hare was a Victorian gentleman, descendant of clerics and landed gentry, even with a touch of the aristocrat, but he was also a maverick or, to put it another way, he was a writer before he was a gentleman.

Nowadays as far as he is remembered at all, it is for his Walks in Rome, an endless guide-book, eventually abridged to a mere 700 pages, which was a best-seller well into this century and has never been surpassed for its detail and discursive information. It was illustrated with delicate engravings (as is this biography) executed by Hare himself and due perhaps for a revival in *collectors'* interest. He also produced works on France and Spain, the traveller always going hand-in-hand with the socialite. But Rome remained his first love.

Augustus Hare was the fifth child of Francis and Anna Hare, who led the restless expatriate life of European travel, moving, according to the appropriate season from Naples to Florence to Rome. Children were, at best, a burden.

Visiting Rome in 1834 when Augustus's mother was expecting him was Francis' brother, Augustus Hare and his wife, Maria. A month before the baby's birth his uncle died, leaving Maria a childless widow. On returning to England, she daringly wrote to ask whether she could adopt her dead husband's namesake. The less than doting mother replied instantly:

> My dear Maria, how kind! Yes, certainly, the baby shall be sent to you as soon as it is weaned; and, if anyone else should like one, would you kindly recollect that we have others.

Thus began Augustus's devoted and obsessional relationship with his "mother" which lasted till her death in his 36th year and proved the matrix for all his subsequent relationships. The socialite was invited to great houses by great ladies, like Lady Waterford, never by great men.

This was perhaps surprising, given the harsh upbringing which Maria's views on maternal duty demanded. Hare himself describes the terrible whippings given to him at Maria's request by his Uncle Julius who was head of the family and their close neighbour at Hurstmonceaux Castle. Indeed his childhood experience both at *school* and at home reads like the worst expression of Victorian sadism — all practised in the name of God. Maria was very nearly a religious maniac; at moments of crisis she was likely to fall unconscious, one Easter continuing in a death-like state for the same period Jesus lay in his tomb. Death, as she constantly assured her journal, was true happiness.

However once Augustus left his frail and tortured childhood behind, it was this unlikely mother and son team who poked into undiscovered corners of Europe for months on end, braving bandits, snow-storms, cholera and turned-over carriages. They only returned to the Sussex countryside when the writer needed time to turn his notes and sketches into the ever-flowing guide books, or, alternatively, when Maria embarked on one of her sallies into the Great Beyond. Happily, before her final exodus — with her son on his knees reciting "How bright those glorious spirits shine!" — Augustus had already established that other world of aristocratic house-hopping.

In 1898 Somerset *Maugham*, then an aspiring novelist, went to stay at Hare's house, Holmhurst. Although Hare was probably without much *sexual* inclination (four times a year after his mother's death, Hare told Maugham who considered he was exaggerating) the by now famous, in some circles notorious, writer did like to patronise young men—who usually absconded with his money or mistreated him in other ways.

Maugham did not enter into this category and indeed was fascinated enough to write an essay describing life at the *Hare establishment*. Each day began with prayers and readings from the Bible. These were edited by Augustus to avoid passages in glorification of God. "God is certainly a gentleman, and no gentleman cares to be praised to his face."

Prayers were followed by an enormous breakfast including ham and pheasant which was the first of four such feasts, interspersed by walks, quiet games and talk. Hare once complained, "People love talking but not talk." Despite being so much away, Hare kept a full staff and noted towards the end of his life that his servants (one of whom was blind and deaf) were "his best and truest friends."

Malcolm Barnes himself created the rival for this book when in the 1950s he abridged Augustus Hare's autobiography into two volumes. The first volume, stuffed with wonderfully amusing extracts from his journals, has been re-issued by Century. Mr Barnes has been able to impress his own nicely ironic point of view upon this biography, questioning Maria's religious hypocrisy and some of her son's self-revelations. He has also clarified the sad nature of a lonely bachelor whose unfortunate childhood history made him incapable of normal human intimacy. He became instead the perfect guest and an inspired chronicler of a Victorian way of life, both at home and abroad.

Rachel Billington

Augustus Hare: the perfect guest

Through Eve's eyes

THE GOSPEL ACCORDING TO WOMAN
by Karen Armstrong. Elm Tree Books. £10.95, 323 pages

THIS BOOK is extremely spirited and has already provoked two arguments in my family. Karen Armstrong became a nun at the age of 17, gave up in her early twenties, turned to teaching and now writing, doing the script for the recent Channel 4 series on St Paul, the First Christian. Never short of an answer, she "aims to show the devastating effect Christianity has had on our society." *Such a book* would be very long, and would also be one-sided. It would raise the role of Christianity in spreading persecution and war, propagating the terrors of some supposed future life and donating massive amounts of money to support its own organisation. Karen Armstrong chooses a different war, the 'sex war' and Christianity's effect on our view of woman.

Christianity, she argues, has encouraged us to see women in terms of four types: martyrs, virgins, mystics and witches. Some women have had the traits of all four at once, Joan of Arc, perhaps, or Tennyson's Lady of Shallott; most streets, Armstrong believes, would be said by most of their inhabitants to contain all or some of the four to this day. Certainly, these images of women were Christian images: they have been a regrettable distortion for both sexes. By spreading them, Christianity has been the enemy of women's "autonomy." It has encouraged misogyny and has exacerbated the "sex war." It has caused some modern women to repay like with like, turning their hatred against men and, incidentally, the English language by inciting *fellow* women to "homophobia." Karen Armstrong blames this new aggression, too, on Christianity's past, but she does not approve of it.

Her book has several strengths, and also some weaknesses: as a result, it is a vigorous read and I recommend it to anyone who likes an argument. She quotes very well, especially from Luther, who appears to have said some awful things about women who died in childbirth. She picks forceful examples: in the sixth century the bishops at the Council of Macon had to vote whether women had souls. They deemed that they did, but the vote was only carried on a *majority of one*. Karen Armstrong ranges widely across time, from Dynasty to the early Christian martyrs, St Ambrose to Doris Lessing. She is not advancing a *quirky opinion*. She speaks for a widely shared view among historians, feminists and even Christians. Quite a lot of this book is simply true, and she must be congratulated for her forcefulness and her animation of the past and present through one another.

Armstrong lays particular emphasis on the need *for* "autonomy," *for* a social and material space in which a woman can escape from male relationships *around her and look* to herself. She assumes that this need has been constant throughout Christian history, explaining something about mystics and virgins. *Men might ask for* evidence of this conscious need, but perhaps it is not necessary: I do hesitate, however, when she compares the cells of early Christian virgin nuns with the Room of One's Own, proposed in a different vein by *Virginia* Woolf.

Throughout, she is quicker to see analogies than differences: she is not a historian but a literary scholar by training, and the effects show. She carries generalisation to a pitch where her examples themselves would make an interesting study in stereotypes: in Catholic countries, women are treated better by men than in Protestant ones; in Spain, relations are even better because of Spain's "Arab past," giving Christianity the benefit of no doubt, she is remarkably charitable about Islam. She states and assumes so much I wish we were sure about: the impact of Protestantism on the ideal of a "wife and marriage"; the supposed connection between the extreme fasting of Christian saints and anorexia: "the devotees of the cult of slimming are often unaware that what they are doing has a strongly religious dimension."

And Armstrong often knows best about "our" contemporary culture: "we still seek orthodoxy in sex even when we are trying to be liberated" (evidence: those forgotten "sex manuals" of the mid-1960s); "the numbers of women addicted to drugs like Valium is a worrying indication of our spiritual barrenness in a society where people have no internal resources against pain." If Valium had been free in an early Christian church I suspect it would have been every bit as popular.

Attacking Christianity's historical effect, Karen Armstrong is most misleading about its early teachers. In her view, equality for women and a concern for female autonomy characterised the teachings of Jesus and St Paul. Actually, the Jesus of the Gospels never pronounced on the matter and she can only sustain her bizarre (but widespread) view of Paul by denying two Pauline epistles to him and by passing off a nasty pun and his advice in Romans as hangover from his Jewish past. There is no early "model" in Christianity to which female liberationists can appeal directly. Karen Armstrong blames Christianity for much which, historically, had been so anyway. Knowing the enemy from within, she is cruel in her attacks, but then, drawing back, she tries to save its original credit. Having galloped so far so fearlessly, she refuses, unfortunately, at the final fence on the course which she has chosen.

Robin Lane Fox

End of war mass tragedy

THE MINISTER AND THE MASSACRES
by Nikolai Tolstoy. Hutchinson, £12.95, 442 pages

THIS BOOK has stirred controversy even before publication. It alleges that Harold Macmillan, now Lord Stockton, played a key role in the May 1945 handover, to Stalin and Tito respectively, of several thousand White Russian emigrés, and of many thousand Yugoslavs, who were either on the royalist (and therefore allied) side in the war or on no particular side.

The fate of the Russians was, as Macmillan prophesied at the time in his Diary, and history subsequently confirmed, "slavery, torture and probably death." Many of the returning Yugoslavs ended their days in a mass mountainside grave.

Before turning to Tolstoy's allegations let us recall a few of the undisputed facts. As allied forces (chiefly the British Eighth Army) advanced in the *closing days* of the war into southern Austria, they found themselves taking the surrender of several groups particularly anxious not to fall into communist hands, either Soviet or Yugoslav. These groups were Cossacks, formed into fighting units by the Germans but largely officered by White Russian emigrés, Yugoslav royalists known as Chetnicks, Slovene Domobranci whose role as "home guard" in German-occupied north-west Yugoslavia led to de facto collaboration, and Croat Ustashi, who collaborated actively with the Germans from the war's start.

Some thought had been given earlier that year as to their fate. Following the Yalta agreement, the British Foreign Office had telegraphed on February 19 to Harold Macmillan, who as Minister Resident in the Mediterranean was political policy co-ordinator in the region, that "any person who is not a Soviet citizen under British law must not be sent back to the Soviet Union unless he expressly desires to be so."

Policy regarding Yugoslavs was less clear. But on April 29 Churchill ordered that surrendering or captured Yugoslavs should be disarmed and put in refugee camps for the time being. But *within* a month of that date most Cossacks and Yugoslavs had been handed over to the Red Army or to Tito's Partisans.

Many went passively, but with others British troops appear to have used a distasteful mixture of force (particularly with the Cossack rank and file) and ruse. Many of the Yugoslavs were put on trains, bound for "Italy," they were told, while most of the Cossack officers were neatly spirited away from their men by being deluded into thinking they were to have an audience with Field-Marshal Alexander. *Little* or no *screening of* the returnees was done, apparently lest it alert them to their fate.

Most of this was known before, much of it from Nikolai Tolstoy's earlier work, Victims of Yalta (1978). This time he heaps up more evidence. The reason why he has given us *a* fresh tome, is clearly, partly to expatiate on his chagrin about the hand-over of such venerable fellow White Russians as the Kuban Cossack leader Andrei Shkuro (made a Companion of the Bath in 1919 by George V) and the 76-year-old Don Cossack leader, Peter Krasnov; also to unearth what he believes was a deliberate conspiracy on the British side to defy superiors' orders and get rid of the embarrassing liability.

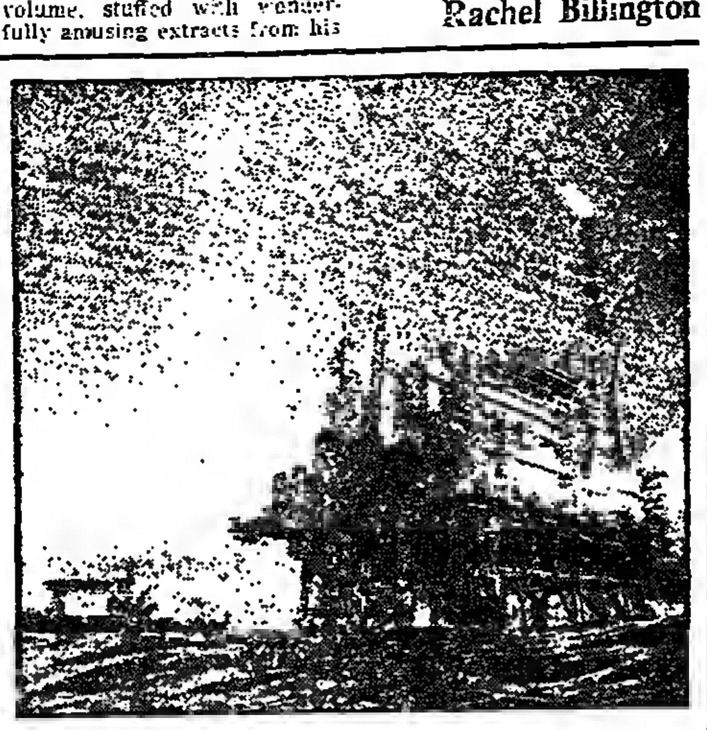
The evidence linking Macmillan to this turns on one crucial meeting he had on May 13 with General Sir Charles Keightley, commander of V Corps. Before that, Keightley, says Tolstoy, had shown every sign of wanting to keep the Cossacks out of Soviet hands. He also knew, as of May 11, the Red Army wanted White Russians returned as well as Soviet *citizens*.

After May 13, either Keightley, or his chief of staff, was on record as recommending return of the Cossacks in general and describing them as Soviet nationals. So, Tolstoy assumes Keightley's mind was changed by something Macmillan said to him. Unfortunately, for his case, there were apparently no witnesses to the meeting. Keightley is dead and Macmillan has remained silent, except to give an account in a 1984 television interview whose veracity Tolstoy disputes. In particular he disputes Macmillan's mitigating arguments that he acted on Alexander's orders, anticipated quid pro quo exchange of liberated British prisoners of war from the Red Army, and was confronted with the impossibility of settling Cossacks elsewhere.

Tolstoy's claims about Macmillan's involvement in the hand-over of Yugoslavs remain unclear, at least to this reader. The major problem seems to have been Alexander's May 15 offer to Tito to take back 200,000 Yugoslavs, under the double misapprehension that his forces had actually taken surrender of that number and they were all Croat Utashi (for which there was little or no allied sympathy). This offer was apparently misinterpreted.

All these events happened, (Tolstoy quotes one British colonel as pointing out) "three weeks after six years of war," in a period of maximum confusion and too short a time to unlearn habits of co-operation with the Red Army and the Partisans. This book certainly helps rehabilitate Alexander's reputation, but does not *prove* the allegations about Macmillan. "More evidence will undoubtedly appear, perhaps some of it as a result of the publication of this book." Tolstoy concludes. If it does, we can rest assured that Count Nikolai will let us know, with yet another tome of Tolstoyan proportions.

David Buchan



On an oil-rig

OFFSHORE: A NORTH SEA JOURNEY
by A. Alvarez. Hodder & Stoughton, £9.95. 191 pages

"I'VE JUST been to an offshore oil platform. It was quite incredible: hairy chopper flight, a huge island of machinery lashed by gales, bristling with computers and manned by blokes who eat too many soft ice-cream cones. This is how Britain has become self-sufficient in energy. Makes you think next time you collect your cut-glass goblet for a tankful of four star."

A head turned briefly from Dynasty, another head smiled patiently, a third head buried itself deeper into a book on The Breakthrough In Electronic Read-only Memories.

What do you have to do these days to get appreciated? They have been pumping oil and gas from the North Sea for 10 years. It is a story full of danger, prosperity, challenge, research and heavy politics. It is Britain's most exciting industry.

Maybe we reporters have not carried out our job properly. Has a decade of production and the distance of these platforms away from the mainland numbed public curiosity? There is still a lot to shout about: the impact of the collapsing oil price, the race to develop exportable British offshore technology for the day in the next century when the oil has dried up, the fantastic subsea machinery needed to find and pump oil out in the North Atlantic in waters five times as deep as the North Sea and ten times more unfriendly.

A. Alvarez has the right idea in Offshore based on articles he wrote for the New Yorker. He does not try to overwhelm readers with a global assessment of the industry. Instead he looks at one of its most interesting aspects and has filled several notebooks just listening to people. We meet the helicopter pilots, the crew of one of the giant "floatels" anchored next to one of the even larger oil platforms in Shell's Brent field, the offshore Installation Manager like the captain of the platform not to mention the "tool pushers," crane drivers and divers, and other members of the cast operating these manly feats of engineering.

It is not that manly mind you. Since Alvarez prepared his book women have started to work offshore. They number probably under 30 among about 22,000 men and report acceptance rather than harassment from their male colleagues.

His subjects tell of excitement *mixed with tedium*. "The trouble starts when you get back to the beach," says a diver about the end of a tour of duty offshore.

Alvarez found that the ever present dangers of foul weather and hazards involved in handling oil and gas under pressure are defused by turning them into a joke: did you hear about the time the accommodation barge lost its anchors in a Force 10? The platforms are designed to take the fury of a 100-year storm but most crews hope to be onshore when it hits. In a high wind the big steel structures waver slightly with the pounding of the waves below — enough for example to make ripples in the canteen fishtank on board Amoco's north-west Hutton platform.

The author can be forgiven for wandering off his pursuit of the oil business to visit Shetland, a beautifully brooding brown achipelago. The islands have been profoundly changed by oil but retain a rugged individualism.

Mark Meredith

Top scientist

MEMOIRS OF A THINKING RADISH: AN AUTOBIOGRAPHY
by Peter Medawar. Oxford. £12.50, 209 pages

PETER BRIAN MEDAWAR was introduced to the wonders of biology at Marlborough by "a rough and coarsely *spoken* man who by the standards prevailing in the masters' common room was barely literate." His pupil went on to earn a Nobel *laureate* and the *Order* of Merit.

Nothing prepared Medawar—now in his 70s—for fame as one of Britain's *most eminent* and articulate scientists before he met Dr A. G. Lowndes, DSc Cantab., a bully but passionately devoted to biology. Medawar came to *him* totally ignorant of the subject but instinctively took the right path in tackling his first essay, on "The decidious habit in trees," or why they shed their leaves. Under Lowndes he not only learned the rudiments of what became his profession, but also developed his critical faculties and when it may be prudent to keep comment to one's self.

As a young research scientist at Oxford during the second world war, the event which orientated him towards his Nobel-prizewinning discoveries of the body's unique powers of discrimination between self and non-self was the crash near his home of a lame British bomber. He was prevailed upon to think of ways of saving a badly burned *airman*.

"A scientist who wants to do something original and important must experience, as I did, some kind of shock that forces upon his attention the kind of problem that it should be his duty and will become his pleasure to investigate." For Medawar this was to devise some way of making one piece of skin do the work of three or four.

Medawar draws no profound conclusion from the story of his own life. But he ends with his advice as a biomedical scientist on how it should be possible to live healthily into one's nineties. He *and his wife* (and sometime co-author) are hooked on vitamins, notably C and E.

David Fishlock

Fiction

Along the old opium trail

AN INSULAR POSSESSION
by Timothy Mo
Chatto and Windus, £9.95, 593 pages

AN AFTER-DINNER'S SLEEP
by Stanley Middleton
Hutchison, £9.95, 224 pages

THE BAY OF SILENCE
by Lisa St Aubin de Terán
Cape, £8.95, 163 pages

VACANT POSSESSION
by Hilary Mantel
Chatto and Windus, £9.95, 239 pages

AS THE historical novel has a poor image just now I prefer to call An Insular Possession a novel set in the 1830s. By making the past not so much a place to consider as an air to breathe, a landscape to live in, Timothy Mo manages to combine the advantages of past and present.

Half Chinese and half English, Timothy Mo interestingly peoples his novel with Americans (plus an Irishman and the odd Portuguese), and seems as baffled, if fascinated, by the Chinese as any of them.

Close *friends* and allies, Walter and Gideon abandon commerce and exactly-timed incomes in Canton for the freelance adventures of running, writing and distributing the Lin Tin Bulletin and River Bee, extracts from which (with balancing extracts from the conservative *Canton Monitor*) *carry* us along the public highways of the narrative. On the back roads, Walter falls in love and learns to take daguerreotypes; Gideon, with the help of a Portuguese Jesuit, learns the Chinese that is to make him into one of the few early sinologues: the lecherous painter O'Rourke pursues girls and paintable moments. Opium is spreading cancerously across the East. Macao's white society does what expatriate white societies have long done around the world, reproducing a peculiar version of home.

Finally the whites move on to Hong Kong to found the new trading centre we know today. It could have been—it even sounds like—a blockbuster. But *it is* not one. Instead it is a large long novel of singular intelligence, written with dash and elegance, and a sense of ease.

Dash and elegance and ease are not words that spring to mind for Stanley Middleton, a rocklike example of excellence of *another sort. The pattern* of his novels is recognisable; they never change, yet depict change, flux, progression.

His central characters are getting older, like himself. His new hero (unheroic, of course) is retired, a widower, much on his own till an old flame turns up wanting company, sex, even marriage. Dogged, immoveable, with something of his creator's granite presence (one feels), Alastair is not quite persuaded; and it ends in the air, questions unanswered and Alastair about to begin writing his memoirs. Flat, straight, as truthful as he can make it, he gets down the first line of them as Middleton's last. Good as ever.

No greater contrast to him than Lisa St Aubin de Terán, all rampant growth of jungly vegetation, long vistas of imagery and weirdness. The landscape here is lurid with the weather of her mind, her voracious imagination, and she has the surrealist's gift for making the mundane exotic, with the complementary trouble that surprise grows progressively less surprising, stimulus may come to look like exaggeration.

The Bay of Silence has its built-in exoticism in the heroine's position as a famous film star, which at once removes her to a world of riches, glamour and, as it were, secondhandness, remoteness.

The story is told partly by her (Rosalind), partly by her husband (William), and it involves not just her instability (schizophrenia, which might have been invented as a novelist's ploy) but their fragmented views and memories of what happens. Add sinister girl twins who seem to come straight out of Marjorie Wallace's The Silent Twins (about the real pair now in Broadmoor), a baby with a startling resemblance to the ethereal Italian lover, Angelo, met while honeymooning at Sestre Levante, death and horror on a French holiday, and the mixture is highly spiced indeed.

And yet, rather curiously, *there is the same clean, sweet,* uncluttered writing as before: horrors and outrage expressed in limpid, almost crystalline prose.

These three are established writers. Hilary Mantel is almost a new one and Vacant Possession only her second novel (though the first, Every Day is Mother's Day, produced its crop of amazed superlatives). Oddly, this, like the Bay of Silence, *also features dead babies*, nasty goings-on in prams, disguise, schizophrenia and much more. But the horrors are not gothic, not exotic. The real horror is internal, in the mind and spirit. For a book as funny to be quite as horrifying is unusual; one is strung between delighted amusement and an appalled awareness of what is being said.

For it is not just the inmates of the asylum, let loose on an unsuspecting world—for "community care" in a community that wants only to forget them—but the reputedly sane who appal: school-master Colin and his terrible wife Sylvia, all bustle and committees and trendy views, their daughter pregnant by a man she thinks *will marry* her and *his wife*, once Colin's mistress, now an alcoholic; and Florence next door, with the senile mother she cannot cope with, the ferocious children, the ambulant sick loonies, Sholto and Crisp and, in her many guises, Muriel of the wigs and padded bras and endless *impersonations*. It is brilliant stuff that never palls, slows or slags, a dark look at what seems our vicious society, a bright, beautifully drawn vision of ugliness.

Isabel Quigly

Trip down under

THE RIBBON AND THE RAGGED SQUARE: An Australian Journey,
by Linda Christmas. Viking Press, £14.95, 407 pages

AUSTRALIAN author Charles Osborne, with a fine sense of his country's mores, once remarked that "in Australia, books about Australia, however bad, always succeed." And, in truth, to this day Australians have an obsession about what *others think* of them—a fact that has not gone unnoticed by Ms Christmas, a long-time Fleet Street feature writer whose first book this is. I hope, though, that they will not take her occasional strictures too much to heart because she has written a book that provides better insights into contemporary Australia than many another produced by those who live there.

She says:

"Australia is like her national stone, the opal. Glanced-at casually from too great a distance, the stone can seem colourless: but once you get close and let the light fall upon the opal, it becomes *vivid, brilliant*, and full of interest."

This sums-up the book; it is the story of a developing love affair that deepened as she travelled around and through this huge, dusty and contradictory continent over nine months between November 1982 and August 1983.

Perhaps it really does take an "outsider" to appreciate Australia and things Australian, warts and all, because those who live there are too ready to take their timeless country for granted and ignore those facets that cause unease. For instance, Ms Christmas is right — with Australia's bi-centenary less than two years away — to highlight man's inhumanity to man (and woman) when she discusses how white Australians have treated the Aboriginals who were the original inhabitants. But she will not get many thanks Down Under for exploring this sensitive issue.

There will probably be some resentment, too, that a "Pom" has written this book, for relatively few Australians have travelled around their own country as Ms Christmas has done. The legendary Outback, especially, remains a mystery to most people in the cities (which means the great majority of Australians). Yet, Ms Christmas seems to have broken down the barriers with relative ease.

I have some criticisms. It seems to have taken an inordinately long time to have reached the printing press; thus, inevitably, some things are out of date.

Then, there are some gremlins in the typography. The population of Alice Springs is given as 180,000, which will be news to the 18,000 who do live there. And I have reservations about the exact category into which the book fits. It is promoted as a travel book but it darts hither and yon into social and political analysis in a way that will, I think, occasionally bewilder the non-Australian reader.

These, however, are minor carps. Overall, Ms Christmas has written a book that captures the mood of Australia and its institutions (human and material) in a way that is both informative and entertaining. This is a good book about Australia and Australians.

Sinclair Robieson

Martin Hoyle finds a didactic approach behind the culture offered by Scottish theatre

The lesson's the thing

IT MAY BE the effect of the oldest educational system in Britain, or the unswerving singleness of purpose that marks Caledonia's sons from John Knox to Kenny Dalglish, but a weekend of Scottish theatre leaves one instructed rather than entertained; and feeling, like Queen Victoria after an interview with Mr Gladstone, that one has heen addressed like a public meeting.

New productions at Edinburgh's Traverse Theatre, the Tron in Glasgow and the Glasgow Citizens' Theatre (performed not by the Citz ensemble but by the touring Scottish Theatre Company) all display a marked didactic bent.

As Glasgow's fourth Mayfest ends its first week, it becomes clear that this is the true Scots festival. The frippery junketings of arty foreigners are best left to high summer in Edinburgh.

The idea for the Mayfest was nurtured by the Scottish TUC, a more culturally-minded body than its southern counterpart. Public enthusiasm has been startling. This year for the first time the Mayfest extends to three weeks because of popular demand. Unlike Edinburgh's international jamboree, Glasgow is buoyed up by an extraordinary groundswell of communal activity that took the organisers by surprise, and by a refusal to draw demarcation lines between official and so-called fringe events.

Above all, there is a sense of local pride in the only British city outside London to provide a base for a national opera company, a national orchestra, a national ballet, and a theatre, tha Citizens, whose style is unique in Britain and enjoys a European reputation — not to mention the art collections.

But how was the festival, Mrs Lincoln? Funding comes from Glasgow District Council, the Scottish Arts Council, Strathclyde, the British Council (they get everywhere) and a wide range of sponsors including banks, newspapers, trades unions and McEwan's Lager. The theatrical event of the first week has been the première of Peter Arnott's Muir.

In its converted church, the Tron Theatre has kept a company together for several productions and this shows in the ensemble playing that distinguishes Michael Boyd's prodnction. The sprawling (3½ hours) work deals with a young lawyer, an advocate of parliamentary reform in the panicky, revolution-conscioua 1790s, framed for sedition and deported to Australia, then as now considered marginally preferable to a death sentence.

Tha author excels at discussion, argument and the exposition of issues. He is less happy with everyday conversation or emotional relationships. The play is as fluid as film, darting in time and place from Edinburgh politics to revolntionary France, from the Scottish High Court to the hell of the transportation ship, run by brutality and corruption. Scenes can be superimposed, to stirring effect as wben Muir'a refusal to answer an interrogation in Edinburgh is played aimultaneously with a shipboard flogging.

Kenneth Bryans (left) and Alexander Morton in Robert Burns

Russell Hunter, reptilian as various symbols of brutish anthority, kicks off with a marvellous tirade as the judge addressiog a defendaot with "yer vicious poxy wee bastard—I'd striog ye up personal," recalling a judiciary more robust than today's. Kevin McMonagle's heaky, quizziral fare actually resembles pictures of Thomas Muir; but the marathon task tells on this intelligent actor's lack of vocal variety. The anthor simply packs in too much, including a play performed hy maimed beggars before revolutionary leaders in a Parisian salon that erupts into violence right out of The Marat/Sade; and a pbilosophical monologue on woman's emotional role (heaven knows, a sudden lurcb into sexual politics is the last thing we feel like after 3½ bours) by the Frenchwoman who has deprived the 28-year-old hero of his virginity.

How different, how very different, frae tbe hame life of Rabbie Burns. The Srottish Theatre Company is reviving Joe Corrie's look at how the young farmer-turned-poet outraged Ayrsbire and lost his true love, Higbland Mary, as be burst upon the literary world.

Corrie (1894-1968), the miner wbose pit-strike play In Time o' Strife, bas been successfully revived, bere romes up with a didactir dramatised dorumentary. David Hayman directs with a stylised all-white set — packing-cases, wooden steps, planks — and wbite and cream costumes (vaguely period: baggy trousers, long skirts). The ronlrast between the Burns of tea-towels and shortbread-tins and the earthy young iconoclast is emphasised by a prologue—a Burns Night dinner complete with American-accented reritation and a clergyman plummily essaying "My love is like a red, red rose"—and the ensuing action tbat quotes some very rude poems indeed.

Robert Burns rages at the stifling bypocrisy of the kirk-dominated rommunity and, hy implication, any authoritarian regime tbat suffocates dissent and crusbes the spirit. Here, too, fine playing breathes life into what is more a statement, a series of pageant tableaux, than a play. Finlay Welsh whips up theatriral excitement from the scene where pregnant Jean's father swears vengeanre on her sedurer. Alexander Morton broods sardooically over the Ayrshire community — sometimea unintelligible to a foreigner, as in thr case of Tom Watson's sanctimonioos spy — with the dark good looks of the poet and a disconcerting dash of Colonel Gadaffi.

More documentary, mora good acting, a sbort train-ride away at the Traversr in Edinburgh. Tom McGrath has used research from an abortive television project about a Dundee housing estate for his play Kora. Unfortunately the origins show: this is a dramatised (but not much) sociology tract for the Open University. Kora — for some reason Welsh—is a compulsive mother. Sbe already has five sons by various fathers, loses a baby in the course of the play and is eyeing up another potential sire by the end.

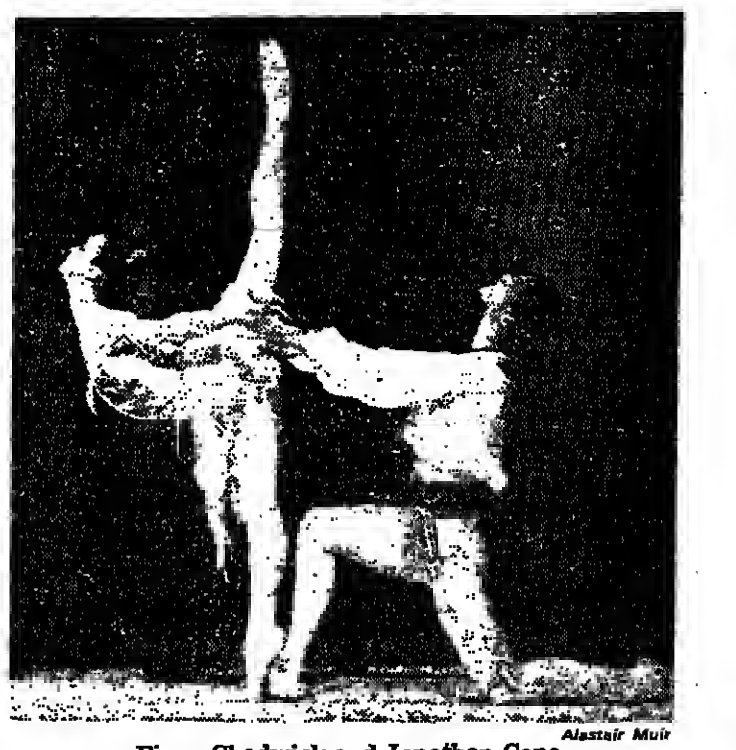
The horrors of the no-bope estate are cbeerfully recounted—but not theatrically illustrated.

Jenny Killick's production unwisely alienates us (in the Brechtian sense) from these aocial worker's notes, though coaxing good performances from Michelle Butt's Kora (the unflaggingly bright aarth mother is ultimately unbelievable) and Elizabeth Millbank who doubles as a cowed tenant, the spirit drained out of ber and a wisecracking sceptic who got away: an actress to watch.

Back to Glasgow, the Muir saga (esrape from Botany Bay via Spanisb-colonised California, injury in naval battle, acclaim in France, a quiet death at 33) continues with a Tron Youth Project throughout the East End. Edinburgh's Royal Lyceum sends its updated Beggar's Opera to the King's Theatre. Late-night cabaret is all around. Earlier this week at the Mitchell, a disappointing Robbie Coltrane, tired and on auto-pilot, was eclipsed by one of the supporting turns. Two and Two makes Sax is a saxophone quartet made up of students from the Royal Scottish Academy of Music whose polisb and relaxed charm could earn them more than the beer-money they rbeerfully play for in the night-spots of St Mungo's "dear green place."

Ballet

Star-bright



Alastair Muir

Fiona Chadwick and Jonathan Cope

AT THE Royal Ballet Benevolent Fund Gala, on Thursday night, a MacMillan triple bill brought two works back to the repertory, after too long an absence.

Anastasia, in its original one-act version as staged in Berlin in 1967, is little altered from the produrtion whirh formed the third act of the full-evening Anastasia, a ballet whirb also merits restoration to the repertory. Les Boiser de la fée is considerably re-worked from the earlier presentation which, in 1960, marked a developing lyricism in the young MacMillan's style. Then it was a tribute to the dance qualities of Svetlana Beriosova, Lynn Seymour and Donald MacLeary, wbose talents dictated something of its manner. Now it has become a brilliantly demanding showcase for a company who ran barely — and just barely—pull it off, though Fiona Cbadwick as the Fairy is a dazzlingly honourable exreption.

What remains almost unchanged is the exquisite scene in the mill, that effusion of youthful love for the Young Man and his Fiancée, which still bears the imprint of Seymour and MacLeary, an imprint which Marla Almelda and Jonathan Cope, their successors, cannot yet efface. Elsewhere MacMillan has re-written: in the opening ballabile for the winds, in the Swiss frolicking of a village fête, in everything danced — and how superlatively — by Miss Chadwick.

Visually, the piece could not be less like the greatly admired designs by Kenneth Rowell for the 1960 staging. Martin Sutherland has created a village peopled by 1830s bourgeoisie and jovial peasantry for the fête, and an admirably conceived strurture, half-ruined, for the mill, and he marks the Fairy's domain with frost patterns and snowflakes, and with stalartite forms for the front-cloth scenes.

It is bandsome decoration, and properly mysterious in the last episode's use of frosted gauzea to suggest that land beyond time and place wbere the two are at last united. Their union, be it noted, is more impassioned than previously, Miss Chadwick and Sir Kenneth telling of the erotic force behind the inavitability of the Fairy's domination of tbe Young Man, and its last moment — the Fairy lying against the Young Man, wbo raises his hands to beaven — a most beautiful image.

The staging is, as I have noted, very demanding of its cast. It would he good to report that this challenge had been met—it would be good, hut untrue, to report that the much simpler challenges of Concerto, wbicb opened this triple hill, bad been met—but in its present lumpy, unstretched state the Royal Ballet seema to cower away from technical prowess and to fudge steps that sbould he classroom exact.

The taxing choreography for tbe Fairy'a attendant Winds bad a hit and miss air; Mr Cope and Miss Almeida deal decently but colourlessly with their ravishing duet, and Miss Almeida in particular misses much of the pathos and youthful grace implicit in her role.

Anastasia's return shows Lesley Collier in a role which has been one of her hest achievements since sbe assumed it when the ballet first entered the Royal repertory in 1971. To Anna Anderson's angulshed quest for her identity, Miss Collier brings an energy which is quite as much emotional as technical and — pushed to the limits of psychic distress — sbe yet always retains control of ber effects. Through tbe lahyrinths of suffering, there is a sustaining sense of a personality obstinately clinging to some half-recalled reality (the rejection of the busband's embrace and the forcing of him to kiss her hand a typical moment) whicb Miss Collier demonstrates with exceptional clarity of purpose.

Clement Crisp

Stately gnomes

Saleroom

DOES your garden need four 17-century doors from Chelmsford Gaol? Or a full-scale wooden model of a horse, used in 1880 by a harness maker to ensure a good fit? Or two Spanish pulpits of around 1700 which apparently convert nicely, when up-ended, into aviaries? Or the sad-looking marble figure of a Roman soldier (actually made in the 17th century) who graced the garden of the late "Binkie" Beaumont, the impresario, at Knots Fosse near Cambridge?

If not, there are plenty of other conversation stoppers among 529 items that Sotheby's is offering at its first auction of garden statuary and achitectural items on May 28 at its rural auction house at Billingshurst in Sussex.

The salerooms love a new market and they think they bave found one in garden statuary (which is still lumped, rather perversely, with architectural items like internal staircases and chimney pieces). Christie's South Kensington pioneered the sector, which it calls garden furniture and architectural fittings, and it is having a small auction, also in Sussex, at Lowfield Heath, Crawley, on May 24.

Everyone is optimistic that the availability of so many objects will draw dealers and collectors from the US, Australia and Europe who would not bother to visit the UK for the odd lot attached to a house sale. And price trends over the last couple of years suggest that the British, with their ingrained love of gardens, are also looking for more than garden centre production-line fitments to set off their lawns and flowers. But these two sales provide the big test.

Obviously the great sculptures of the masters were not exposed to the elements but some fine 18th-century marble statues survive and are the prize items in the sales. Both Sotheby's and Christie's are quick to point out that garden furniture should have a decorative rather than academic appeal. This is not a matter of grand names and long provenances but intriguing objects which will enhance a garden setting. Thus some people go for a weathered, antique, battered effect; others prefer a 19th or 20th-century re-constituted stone gleaming bust.

The most expensive item on offer, at Sotheby's, represents the academic tradition—a large nude figure of the Apollo Belvedere prodnced in Italy in the late 18th century and recently discovered abandoned in a wood. It was probably a mement of a Grand Tour and its artistic exrellence could produce bids up to £12,000.

Most lots are much cheaper and more hanal: leaden fauns of the 19th century for under £300; a rustic cast-iron bench of around 1870 for £500; nrns by the score at £50 upwards; sundials and hrackets; finials and columns.

There are two good collections on offer at Sotheby's—that of the late Mrs Hull Grundy, which includes a rare signed statue, a naked male athlete, the work of C. Cauer in 1808; and that of "Binkie" Beaumont, who was very fond of heraldic lions. There is a Regency wirework aviary for around £1,200.

Christie'a auction is more modest hut includes dozens of items sold by the botelier Nevvar Hirkmet, wbo built up one of the largest private rollertions of garden furniture and architectural fittings, incorporating his purrhases into bolels. The most expensive lot is tbe romplete set of fittings from ooe room which bad heen part of Buckhurst Park near Ascot. The linings, fire-place, doors, mouldings, etc, only date from around 1900 but bids up to £10,000 are anticipated.

"Time clipping the wings of Love" in Italian stone, on offer for £4,500 from Crowther

Santiago de Barry of Christie's South Kensington says prices have risen steadily since his first auction in 1984; for example, a pair of Virtorian cast-iron urns will bave doubled to £600. James Rylands of Sotheby's is already taking objects for his next auction, in 1987. But obviously some American dealers may be deterred from coming, by vague fears as mucb as the fall in the dollar. This could lay the way open for domestic bidders, most nolably Crowther of Syon Lodge, which bas dominated this market for almost a century.

Crowther gets murh stock from old customers but also keeps an eye on the aurtions. Its team of masons tend to restore statuary to pristine condition and there is always plenty of noble items on offer at Syon Lodge, but not any more in Bond Street—the Mayfair outlet closes today. Only Crowther can offer a Rysbrack stone deity for £45,000, its most costly item.

Antony Thorncroft

Vaudevillian variations

Records

ELLIOTT CARTER: Triple Duo. In Sleep, In Thunder. Fires of London; Martyn Hill, London Sinfonietta / Oliver Knussen. Wergo WER 60124 "Elegies and Romances" by various composers: Kashkashian/Levin. ECM 1316 (also on compact disc).

FAURÉ: Piano Quartets Nos. 1 and 2. Domus. Hyperion A66166. Nash Ensemhle. CRD 1103 (also on cassette and compact disc).

SPOHR: Donble Quartets Nos. 1 and 2. Academy of St Martin-in-the-Fields Chamber Ensemble. Hyperion A 66141.

DEBUSSY and RAVEL: String Quartets. Alban Berg Quartet. EMI EL 27 0356 1 (also on cassette).

BEETHOVEN: Sonatas for Violin and Piano, Vol. 1. Isaac Stern / Eugene Istomin. CBS I2M 39680 (two records; also on compact discs).

The newest music in this list is Elliott Carter's—the recent Triple Duo and the song-cycle for tenor and 14 instruments, In Sleep, In Thunder. Both are performed by the groups for whom they were commissioned, with terrific conviction. Martyn Hill sings Robert Lowell's verses with a declamatory intensity that leaves the words too little room to breathe, but his confident, well-pitched line is an asset and all the instrumentalists shine.

The Triple Duo (for six players, the Fires of London) is mercurial and dazzling. The three pairs of performers are played off against each other in all permutations, something like musical vaudeville; it takes two or three hearings to find one's feet with it, but a little effort is rewarded. In Sleep, In Thunder is sterner and darker, though the poems are adorned by a rich variety of instrumental obbligati. Carter admirers will be grateful for the chance to fathom it at leisure.

A bit more Carter, earlier and much simpler, turns up in the "Elegies and Romances" rollection by the American violist Kim Kashkashian. There are also Liszt and Glazunov, Vieuxtempa, Kodály and Vaughan Williams, all represented by plangent pieees that sound haunting on viola, hut the programme is crowned hy Britten's searching Lachrymae variations after Dowland. Miss Kashkashian is a superlative musician (with the excellent Robert Levin as accomoanist) and a strikingly iodividual voice.

Two recent recordings of both the piano quartets of Fauré, by the young Domus quartet and by members of the Nash Ensemble, make a fascinating comparison. Each does honour to Fauré, a noble successor to Mozart and Brahms in this neglected medinm, and each makes tbe Second Quartet far more seductive than it sometimes sounds.

Domus has a clever, sprightly pianist in Susan Tomes, and together they are irresistible in the scherzo of the First—a uniquely witty, effervescent performance. The strings are keen and characterful but amicably dominated by their pianist. The Nash's Ian Brown co-operates more equally with the strings, to solid musical advanlage in many passages, though he hasn't the Tomes sparkle; and the maturity of the ensemble lets them discover, for example, a rirher breadth in the opening movemeot of the First and build a greater blaze in the finale of the Second. No point in awarding points: eilher team should delight those who know the music, and convert those who don't.

Seasoned ensemble is just what guarantees the charms of Louis Spohr's first two Double Quartets in the hands of Academy of St Martin-in-the-Fields players. Spohr was the most civilised and disarming lightweight of his period, and never happier than when writing for a couple of chamber groups at onre. Music without depth is not a waste of time when it is so prettily turned and such fun for the performers. Besides the winsome tunes, Spohr exercises any amount of fluent ingenuity as he knits and separates his string quartet-pairs. The Academy players know just how to do it.

The Alban Berg Quartet addresses itself to more elevated stuff, in foreigo territory—the quartets of Debussy and Ravel. Fresh, combative readings, especially of Debussy: there are emphatic acceots (believed to be Prussian) in many uousual places, and sometimes they illuminate hiddeo corners. Good to hear Debussy's Andanto taken at the romposer's tempo (it never is), though it would be better with a less bumpily "expressive" line: the leader's very free rubato sounds extraneous, and it results in some rough ensemble which dampens the most magical passages.

Isaac Stern is less aggressively quirky in Beethoven's violin sonatas, but he and his distinguished pianist Eugene Istomin give the stamp of sterling character to earh of them, all distioct—just what Oscar Shumsky and Artur Balsam have been failing to do in their survey of Mozart's violin sonatas. The Stern/Istomin Volume I (a second volume will complete the cycle) includes the three op. 12 sonatas, op. 23 and the "Kreutzer." Each of them is played to the hilt, with the utmost faithfulness and towering flair.

David Murray

A love-crate relationship

Radio

KIPLING wrote a horrible tale called Head of the District. A clever Bengali of the ICS is made deputy commissioner of a hill district, by way of a political experiment. When there is trouble he runs away, ending up despised by both the British and the Indians.

In Radio 4's Sunday evening Indian Tales of the Raj, I thought we might discover what it was like to be that Bengali, in a land where 100,000 British governed 300 million autochthons. But the Indians whom Zareer Masani has hrought us have tended to hold responsihle positions responsihly, and speak much like their erstwhile superiors.

This by no means indicates they were not interesting; they were—but they were not at all what I expected. It is a piquant series, with much incidental humour. I loved the story of the British judge who travelled with his Indian mistress packed in a wooden crate labelled "piano."

Radio 4 devoted three hours to Golden Girls, by Louise Page—90 minutes on Saturday afternoon and another 90 minutes the following Monday. It was a study of five girl athletes determined to represent Great Britain in the 4 x 100 yards relay in the Olympics, contrasted young people with little in common but that determination.

As a story, it was somewhere between Chariots of Fire and Daisy Pulls It Off, although the theme of the sponsor'a embarrassment when the star turns out to be black (the sponsor being the manufacturer of Golden Girls shampoo) would hardly fit into either. Athletics buffs must have found it fascinating, but I could not keep my interest undimmed for such a long period. Vanessa Whitburn was the director, with endless technical assistance to provide ambisonic recording in UHJ Encoded Stereo, whatever that is.

Radio 3's featured drama on Friday was Franz Xaver Kroetz's Through the Leoves, a study of an attachment between an ageing woman butcher and a casual worker who is there only for tbe sex and tbe meals that go with it. Kroetz, wbose work was studied earlier in the week in an ioteresting feature hy Ronald Hayman, Spilt Milk, is a Bavarian whose object is to purge the stage of unnecessary talk; but he finds it necessary to bave Martha read her rerord of the affair from ber diary, complete with punctuation, eveu a colon at one point. On the stage the play was ootable for the frank playing of the copulatioo but, save for one audible orgasm, you do not get this on the air.

Martha was excellently played by Maureen Beattie, Gregor Fisher played Otto. Marilyn Imrie directed, and the translation (into Lowland Scots) was by Anthony Vivis. The sound of the televisioo was left in German.

B. A. Young

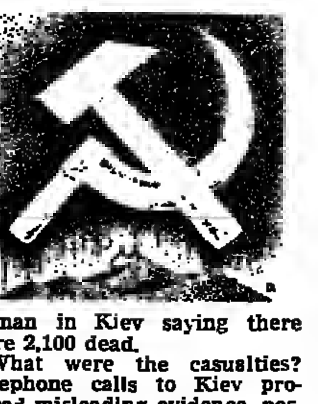
Solution to Chess No. 619

1 R-QB8. If KxR; 2 P=Q rh, K-B2; 3 Q-Q8. If K-Q3; 2 P=B, K-K3; 3 R-B6. If K-K3; 2 P=N, K-Q2; 3 B-B5, or here 2 . . . K-B2; 3 B-Q5.

WEEKEND FT

After Chernobyl

Patrick Cockburn on Gorbachev's blunder



WHEN THE Chernobyl nuclear power station exploded, a bicycle race was being held in the Ukrainian capital of Kiev, 130 kilometres away. Immediately after the first announcement of the accident, the Soviet news agency, Tass, developed a strange compulsion to report daily every development of the race to show all was well

The aim of all this was presumably to prevent a panic in the north Ukraine. The impact on the foreign press in Moscow, who could see children evacuated by nervous parents arriving by train at Kievski station in the capital, was to presume a disaster at Chernobyl even more catastrophic than had in fact occurred.

From early in the crisis the Soviet media, itself carrying nothing but brief official communiques, berated the foreign press for exaggerating the accident. Geiger counters had started clicking in Scandinavia on the evening of April 27 and, a day later, the Soviet Council of Ministers said there was an accident at Chernobyl.

Given the mounting hysteria in the West and the vacuum of information in Moscow, it is not surprising that speculation flourished. In this case, the vacuum was filled by the Moscow bureau of the American news agency, United Press International, which reported a woman in Kiev saying there were 2,100 dead.

What were the casualties? Telephone calls to Kiev produced misleading evidence, possibly because hypochondria is so prevalent in the Soviet Union. On hearing of the accident, a number of the inhabitants of Kiev and surrounding districts immediately began to attribute their numerous ailments to radiation sickness.

Many of these hypochondriacs are also devoted believers in folk remedies, usually involving a lethal quantity of vodka. According to the Ukrainian health minister, local hospitals have received large numbers of casualties who poisoned themselves by drinking neat spirit under the impression it screens out radioactivity.

Newspapers and television outside the Soviet Union were quick to unearth card-carrying "experts" to discuss Chernobyl, despite their opinions having a spurious authenticity because there were almost no facts to go on. All this gave the Soviet press something about which to complain. To rebut all the apocalyptic claims, Soviet television showed Ukrainian folk dancers on May Day and interviewed two gently swaying British tourists in Red Square who testified what a jolly time they were having.

However, whatever the western media exaggerations, frivolous or malign, in the past two weeks, they have a common origin in Soviet secrecy over an accident which affected and frightened the rest of Europe. It is absurd of Boris Yeltsin, the Communist Party leader for Moscow City and a non-voting meber of the Politburo, or Dr Georgy Arbatov, the head of the influential USA and Canada Institute, to attack the western reaction to Chernobyl as "psychological warfare."

Dr Arbatov admitted yesterday: "In my opinion, we did all the same commit a sin." Then he continued: "The reason is not that we underestimated the importance of public opinion, but the activeness and co-ordination of anti-Soviet propaganda."

This is naive, perhaps intentionally so. Mikhail Gorbachev, the Soviet leader, has spent the past year saying that nuclear weapons are a common problem for mankind which it must control. Yet, when an accident occurs in the Soviet Union which sends up radioactivity levels across western Europe, such pleas for co-operation are forgotten and he sees no need to tell anybody—not even his Warsaw Pact allies.

Thus, the Soviet Union has suffered two disasters in the past fortnight. One was the explosion at Chernobyl. The second was the self-inflicted diplomatic catastrophe, which cannot be blamed on the foreign press, in which Mr Gorbachev turned on their head all his old arguments about nuclear co-operation at a moment when he might have proved their cogency by explaining to the west Europeans why their geiger counters had started to click.

A word in your ear

THE LAST TREK in a journey which began over 100 years ago ended this week at *Zyrion:* "the Komi people of northern central USSR, and their language."

Language is the operative word. *Zyrian* is the final entry in the final volume of A Supplement to the Oxford English Dictionary. Volume IV, Se-Z, published on Thursday, contains the last pieces—13,000 words in 25,000 senses illustrated with about 130,000 quotations from printed sources—in the great jigsaw: a "terra cognita" of English as she is spoke and written in our time, mapped for our delight.

Here is the present definitive of *skateboard:* "a narrow platform mounted on roller-skate wheels, on which the rider coasts along, usually in a standing position." (Note "usually:" Oxford has not remained Oxford by coasting over doubts.) Skateboards first rolled into English in California in 1964. *Stumer* appears as "stumer cheque."

Twerp's origins are tactfully declared "uncertain," but a letter from J. R. R. Tolkien—of the *Hobbit*, for which the author himself drafted an entry for Volume II, published in 1976—makes plausible reference to "the time when we lived in Pusey Street, rooming with Walton, the composer, and going about with T. W. Earp, the original twerp." Careful distinction is preserved here between *twerp*, "a nincompoop," and *twit*, "a fool"

"Twit twit twit jug jug jug" is lyrically documented in T. S. Eliot's The Waste Land (1922); lesser breeds twitter between Eric Linklater's Magnus Merriman (1934), Frederic Raphael's Limits of Love (1960), and a splendid rebuke in the Observer of March 4 1984: "Geriatric old twit is an expression which would hardly have sprung to the lips of the pious Aeneas."

The original editors of the parent Dictionary, led by the magister magistorum of lexicography, Sir James Murray, had reached words beginning with Se- (*Se* is an ancient Chinese musical instrument like a 25-stringed zither) by 1911, but early policy was "to fend off overseas words until they had become firmly entrenched in British use," as the Supplement's editor, Robert Burchfield, explains in a lucid, lively Preface.

We have waited long to welcome *show business* (1850), *tuxedo* (1889), *ukulele* (1896) and *spiel* (1896—"There was a long spiel from the high guy in the pulpit.") Little kids will be glad that the entry for *security blanket* mentions Linus in the "Peanuts" comic strip: "All little kids carry them." Bigger kids — and babblers and scribblers in the *media* ("pl. of *medium*, esp. sense 6: means by which something is communicated: erroneous as sing.")—can safely swap theirs for the Supplement. It has given comfort to words old and new, borrowed and blue.

Volume IV is probably the last major book to be set up in hot-metal type; entries for *SNOBOL* and *wysiwyg* reflect the wizardry of word formation on the green screen. *Stumm*, pronounced "shtoom" was spotted in a Len Deighton thriller: "So far, both sides have kept stumm about these operations."

Doctor Burchfield, a former New Zealand Rhodes Scholar, was a young Oxford don in 1957 when he was appointed to edit what was then expected to be a one-volume job of seven years or so. He has been at it, with a team of editorial scouts and guides, ever since. Anonymous letters threatened him with violent death when Volume II included unfavourable senses of the word *Jew;* his judgment was upheld in the High Court.

The dictionary maker's right to record usage was further defended in last year's trade mark tug-of-war with Weight Watchers Inc. In 1977 Lord Denning ruled against Robert Maxwell in a High Court action taken by Oxford University Press against the title "Pergamon Oxford Dictionary of Perfect Spelling."

Nothing is perfect in this wicked world—and by definition even the best dictionaries of a living language are out of date: English is expanding at the rate of some 400 words a year. But the four volumes of the Supplement add about 63,200 words, in 105,000 senses, illustrated with galaxies of quotations, to the 425,000 recorded in the great Dictionary published in instalments between 1884 and 1933.

It is an unmatchable record of our language as it has developed since the mid-12th century. No publication in English in this generation is likely to be judged more important and influential than the four volumes edited by Doctor Burchfield.

He will now turn his scholarly, sane, indefatigably humorous eye upon English grammar. In the meantime we can reflect that, by some edict of the Recording Angel, completion of the Supplement coincides with the 900th anniversary of a book called Domesday.

Gay Firth

The man who walks alone

On Cup Final day, Ian Hamilton Fazey reports from Wembley

KENNY DALGLISH is getting to know quite a lot about rugby. His involvement arises because his small son plays mini-rugby for his local club, Waterloo, every Sunday morning.

The Liverpool soccer manager still has a lot to learn. If you see him on the touch-line watching Dalglish junior working at the art of gentlemanly ruffianship and ask the score, the reply is usually along the line of, "It's 5—1 to us."

But one anecdote about these escapes from the hyped world of Saturday soccer says much about Dalglish. Once, in a rough match in the mining village of Newton-le-Willows when the Waterloo youngsters were being pasted, Dalglish junior was ready to throw in the towel after being thumped.

The team's coach, Chris Delaney, a former captain of Suffolk, was all sympathy, but Dalglish senior would have none of it. "If you don't get back on that field and help your mates, I won't take you home," he said. Son returned to the fray and did his mates and his dad proud.

Dalglish is that rare combination of the brilliantly talented individual who is also an archetypal team man and leader. It is as though Brearley could bat properly at cricket. Team-mates mutter quietly but respectfully that he is the hardest taskmaster they have ever known—if he can put in the work so can they, and no shirking or excuses.

Here is no strict father figure, like the legendary Bill Shankly, but a colleague they can only look in the eye after a game if they have played with the same spirit he has, however great their own individual fame.

Today Dalglish will be trying to do what no other has managed in the history of English soccer—with the League and FA Cup double as a player-manager. The first half of the task was accomplished last week when Liverpool took the League title for a record 16th time.

But there is sadness on Merseyside as Dalglish and his men approach their task. If Liverpool were playing Manchester United, Newcastle, Arsenal, Chelsea, West Ham or anybody except Everton, an entire community of 1.5m people would be united behind him. Even the Evertonians, just as Liverpudlians rejoiced at Everton's success last year when they almost pulled off a treble.

Merseyside needs heroes. Dalglish—though like many of us who live there is a naturalise scouser—fits the role exactly. The trouble is that this afternoon at Wembley, Merseyside will have 21 others on the field. They may be lesser heroes than Dalglish, but they are all champions of the place that typifies the British urban crisis.

There is an awful irony about it. Here is no opportunity for Merseyside to show how it can beat everyone else out of sight on the soccer field, for the two teams have already done so, especially since Everton have finished second in the League. What we can all hope for, though, is some great football and exemplary good behaviour from the travelling supporters.

Most followers are confident of seeing both. Merseyside may be a place where a mixed marriage is one between a Liverpool and an Everton supporter but there are plenty of them and Romeo and Juliet does not work there as a theme: the followers of the Montagus and the Capulets do not kill each other in the streets, no matter how crushing the victory of one over the other in the local Derby.

So why did the Brussels tragedy happen? The answer will usually be that no one meant anyone to actually die at the Heysel Stadium before the European Cup Final last year, that the people who caused the trouble were not "real" fans, that many were outsiders attaching themselves to a club with a long record of good behaviour. That the stadium was unfit to stage such a match and that once the stampede had started it could be neither stopped nor contained.

But are these real excuses? However much they may be victims of the world's, and Britain's economy, most Merseysiders know that people are ultimately responsible for their own actions. A deep feeling of shame still abounds.

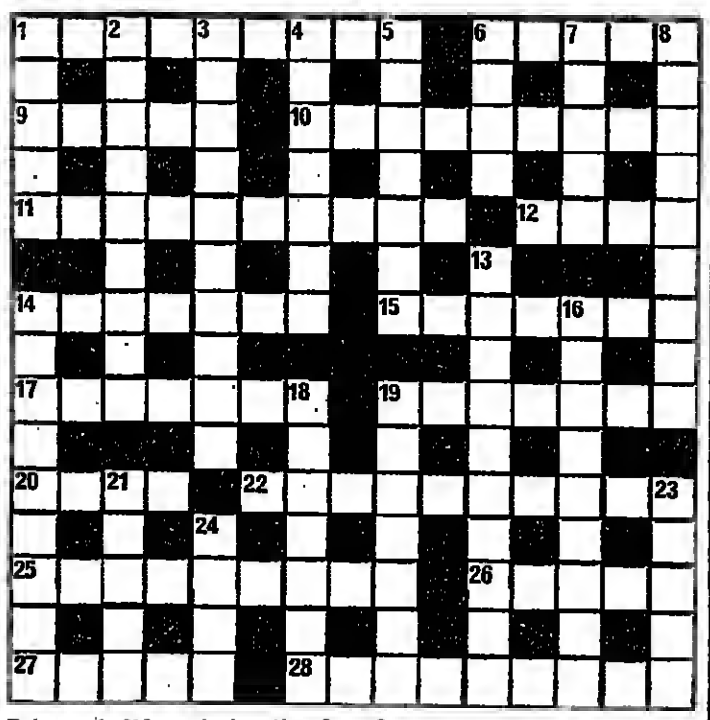
Some of us have not watched a football match since—even on television—and not out of self-inflicted penance, but because it is difficult to take pleasure in it any more. Mere sport cannot be worth 40 human lives. One wonders if one will even enjoy this afternoon.

"Cup Fever," a malady said by the popular prints to grip communities in the week before a Cup Final, has not been very apparent on Merseyside to those of us who live there. The shadow of the Heysel Stadium is a long one and dulls the prospect of euphoria. There have been scrambles for tickets and tall tales about getting them but where, a year ago, many people I know would have been fighting to be there today, most have not even tried.

The Heysel disaster, and the bans from European competition that ensued, have made English soccer turn in on itself to produce the ultimate in sporting incest—an all-Merseyside Cup Final. But Heysel was not the players' fault. So let us wish them fame and glory and hope that—besides King Kenny—the biggest victor will be the game.

FT CROSSWORD PUZZLE No 6,018

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

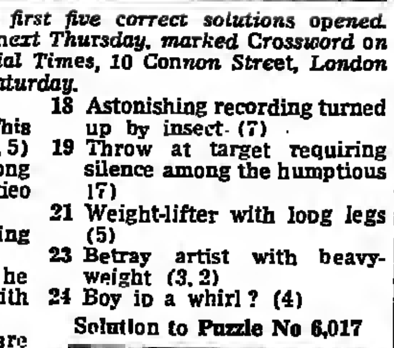
ACROSS

1, 6 Purge cure not on? This might be how to do it (9, 5)
9, 10 Story back in situ among crowds around the thirteen (5, 9)
11, 12 First see ringer coming into flower (10, 4)
14, 15 Where customers may be cutting, contrasted with musicians (14)
17, 19 Backstage alterations are expensive and posh, with lots of mechanical gestures (7, 7)
20, 27 Opposing captain, perhaps: hence trouble among soldiers (4-5)
22, 25 Old papers arrange signatures with band-cream (10, 9)
26, 19 Alteration in knee pants is a swindle (5-7)
27 See 20
28 There couldn't be a nastier sort of banquet than entertaining most of yesterday (9)
18 Astonishing recording turned up by insect (7)
19 Throw at target requiring silence among the humptious (7)
21 Weight-lifter with long legs (5)
23 Betray artist with heavyweight (3, 2)
24 Boy in a whirl? (4)

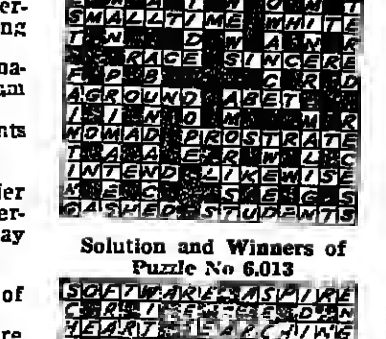
DOWN

1 Morality is in the thick of it (5)
2 Ruby and sapphire are riddles, missing North, right in in a different place (9)
3 Quiet, odd ascent of German air (10)
4 Ring apart from turnpike (4, 3)
5 Role sailor took up to catch vermin (7)
6 Entry, a bit big at end (4)
7 Topless metal that is chestnut, for example (5)
8 Music finishes, loudest possible among symbols of quiet (9)
13 Half a dozen kisses for women priests (10)
14 Land of luxury for bird uncertain in age (9)
16 Death penalty for being drunk? It's hard to put your foot down here (9)

Solution to Puzzle No 6,017



Solution and Winners of Puzzle No 6,013



Mrs Christine Hodgson, Cheltenham, Gloucestershire.
Mrs Leggett, Claverdon, Warwickshire.
Mr J. R. C. Meadmore, Winchester, Hampshire.
Mr Brian Smith, Skelmorlie, Ayrshire.
Mrs M. A. Wells, Caswell, Swansea.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1
8.30 am The Saturday Picture Show. 10.05 Film: "The Pink Panther," starring Peter Sellers, David Niven and Robert Wagner. 12.00-5.15 pm Grandstand including 12.50 News: Everton and Liverpool contest the 1986 FA Cup Final plus news of the Scottish Cup Final (Hearts v Aberdeen) and Racing from Lingfield Park at 12.30 and 1.00. 5.15 The Pink Panther Show. 5.35 News. 5.45 Regional programmes. 5.50 The Keith Harris Show. 5.30 Every Second Counts. 7.00 Sorry. 7.30 Film: "Battle of Midway," starring Charlton Heston, Henry Fonda, James Coburn and Robert Mitchum. 8.40 News and Sport. 9.55 Cagney and Lacey. 10.45 Match of the Day (Highlights of the FA Cup Final). 11.35 Film: "Phase IV."

BBC 2
2.05 pm Film: "The Buccaneer." 4.05 Film: "Tempest," starring Van Heflin. 6.00 Laramie. 0.50 Newsview. 7.30 Around with Alliss. 8.10 Leonard Bernstein at the Barbican. 9.55-12.35 am The Montreux Golden Rose IMMC Gala.

LONDON
5.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 Terrahawks. 12.00 News. 12.05 pm The Cup Final—Everton v Liverpool from Wembley Stadium. 12.15 Meet the Managers. 12.20 Tarby and Friends. 12.25 Meet the Teams. 12.40 Tarby and More Friends. 12.50 The Teams leave. 1.00 Bell's Scotch Whisky Manager of the Year Awards. 1.10 Moore's Memories. 1.30 Tarby and even more Friends. 1.40 Wembley '86. 2.10 Wrestling. 2.30 Tarby's last Friends plus World Cup '86. 2.45 Abide With Me. 2.50 Presentation (the teams meet the Duchess of Kent). 3.00 Kick-off. 3.45 Half-Time. 3.55 Second Half. 4.40 Final Whistle. 5.15 News. 5.20 The Smurfs. 5.35 Robin of Sherwood. 5.30 Child's Play. 7.00 Cannon and Ball. 7.30 The Price is Right. 8.30 Tarby and Friends. 0.15 C.A.T.S. Eyes. 10.15 News and Sport. 10.30 The Late Clive James. 11.15 LWT News Headlines followed by Escape from New York, starring Kurt Russell. 1.00 am Night Thoughts.

CHANNEL 4
1.10 pm ECO. 1.35 Birds of Britain. †2.00 "Rose of Washington Square," starring Al Jolson, Alice Faye and Tyrone Power. †3.35 "Over She Goes" (Stanley Lupino and Laddie Cliff star). 5.05 Brookside Omnibus. 5.00 Right to Reply. 6.30 News Summary followed by Credo. 7.30 Alrite. 8.30 Held in Trust. 9.00 Mapp and Lucia. 10.00 Hill Street Blues. †11.00 "Freud: The Secret Passion" (Montgomery Clift stars).

S4C WALES
2.35 Pel-droed: Cwpan Lloegr Everton v Lerpwl o Wembley. 5.00 Cartoon Carnival. 5.30 Worldwise Reports. 6.00 Path of the Rain God. 7.00 Hwrlibwrli. 7.30 Newyddion. 7.45 Pwy Sy'n Perthyn? 8.15 Hogan Lawen. 8.20 The Cosby Show. 9.50 Sinfonietta. 10.35 Feature Film: "Jolson Sings Again."

IBA Regions as London except at the following times:

ANGLIA
5.20 pm Cartoon Time. 10.30 Movie Premiere: "Escape from New York," starring Kurt Russell, Lee Van Cleef, Ernest Borgnine and Donald Pleasance. 12.20 am At the end of the day.

BORDER
5.20 pm Bugs Bunny. 10.30 Film: "Escape from New York," starring Kurt Russell and Lee Van Cleef.

CENTRAL
5.20 pm Cartoon Time. 10.30 Movie Premiere: "Escape From New York" starring Kurt Russell, Lee Van Cleef, Ernest Borgnine and Donald Pleasence. 12.20 am Closedown followed by Central Jobfinder.

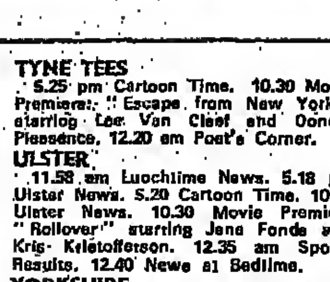
CHANNEL
11.59 am Today's Weather. 5.20 Bugs Bunny. 10.30 Movie Premiere: "Moment By Moment." 12.30 am When The Music's Over.

GRAMPIAN
12.05 pm Feature Film—"True Grit" John Wayne, Kim Darby and Glen Campbell star. 2.30 Cup Final Special—Aberdeen v Hearts from Hampden Park. 2.30 Road to Hampden. 2.50 At The Ground—Match commentators Jock Brown and Manchester City manager Billy McNeil set the scene at Hampden Park. 3.00 Kick-off. 3.45 Half Time. 4.00 Second Half. 4.45 Final Whistle. 5.20 Cartoon. 10.30 Movie Premiere—"Escape From New York" (Kurt Russell, Lee Van Cleef and Ernest Borgnine star). 12.20 am Cricket Results followed by Reflections.

GRANADA
5.20 pm Cartoon (Porky Pig). 5.30 Candid Camera. 0.00 Robin of Sherwood. 10.30 We Are The Champions! featuring the Merseysippi Jazz Band. 11.30 Movie Premiere: "Escape From New York," starring Kurt Russell and Lee Van Cleef.

HTV
11.58 am HTV News. 5.20 pm Cartoon Time. 10.30 Movie Premiere: "Escape From New York," starring Kurt Russell, Lee Van Cleef, Ernest Borgnine and Isaac Hayes.

SCOTTISH
12.05 pm Feature Film "True Grit" starring John Wayne, Glen Campbell, Jeff Corey and Robert Duvall. 2.30 Scotsport Cup Final Special: Aberdeen v. Hearts from Hampden Park. 5.20 Cartoon Time. 10.30 Movie Premiere "Escape from New York" starring Kurt Russell, Lee Van Cleef, Ernest Borgnine and Donald Pleasence. 12.20 am Late Call.



Geraldine McEwan in Mapp and Lucia: C4, 9.00 pm

TSW
11.30 am Gus Honeybun's Magic Birthdays. 11.32 Terrahawks. 11.57 TSW News. 5.20 pm TSW News. 5.25 Cartoon Time. 10.30 Movie Premiere "Escape From New York," starring Kurt Russell, Lee Van Cleef, Ernest Borgnine and Donald Pleasence. 12.20 am Postscript.

TVS
11.57 am TVS Weather. 5.20 pm Cartoon time (Bugs Bunny). 10.30 Movie Premiere: "Escape From New York," starring Kurt Russell, Lee Van Cleef, Ernest Borgnine and Donald Pleasance. 12.20 am When the Music's Over. 1.20 Company.

TYNE TEES
5.25 pm Cartoon Time. 10.30 Movie Premiere: "Escape from New York" starring Lee Van Cleef and Donald Pleasence. 12.20 am Poet's Corner.

ULSTER
11.58 am Lunchtime News. 5.18 pm Ulster News. 5.20 Cartoon Time. 10.27 Ulster News. 10.30 Movie Premiere "Rollover" starring Jane Fonda and Kris Kristofferson. 12.35 am Sports Results. 12.40 News at Bedtime.

YORKSHIRE
5.20 pm Cartoon Time. 10.30 "Escape from New York" starring Kurt Russell, Lee Van Cleef, Ernest Borgnine, Donald Pleasence, and Season Hubley.

RADIO (S) Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm The News Huddlines. 1.30 Cup Final Sport on 2: FA Cup Final: Everton v Liverpool at Wembley Stadium and Scottish Cup Final, Aberdeen v Hearts, plus cricket scoreboards (Benson and Hedges Cup ties), news from the Monaco Motor Racing Grand Prix and results from today's racing meetings. 5.00 Sports Report. 6.00 David Hamilton presents Two's Best. 7.00 Pop Score. 7.30 Sir Yehudi Menuhin Conducts (S). 0.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Living Legends (S). 1.00 Nick Page presents Nightride (S). 2.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade (S) records. 9.00 News. 9.05 Record Review (S) 10.15 Stereo Release (S). 11.10 This Sporting Life. 11.15 Violin and Viola (S). 11.50 Pioneering Haydn, Mature Beethoven (S). 1.00 pm News. 1.05 Schubert (S). 2.00 Vaughan Williams in his Time (S). 4.00 Steven Isserlis and Peter Evans (?) cello and recital. 5.00 Jazz Record Requests (S). 5.45 Critic's Forum, books, arts. 6.35 Organs in Norway (S). 7.10 Mozart and Weber (S). 8.00 Brighton Festival BBC Concerto Orchestra conducted by Norman Del Mar (live relay) part 1: Holst (The Perfect Fool), Delius (In a Summer Garden), Vaughan Williams (The Lark Ascending) (S). 8.45 A Modern Mahabharata. 9.05 Concert Part 2: Constant Lambert (Summer's last Will and Testament) (S). 10.05 Changes. 10.15 Beethoven and Korngold recital by the Chilingirian String Quartet (S). 11.00 Continental Cabaret Chansons (S). 11.30 Piano Duos by Holst and Debussy (S). 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.5 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Loose Ends. 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Questions of Taste (?). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.30 News; Travel; International Assignment. 4.00 The Saturday Feature: Letters To The World. 4.45 The Fosdyke Saga II. 5.00 The Living World. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Travel. 6.00 News; Sports round-up. 0.25 Stop The Week With Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 8.30 Thriller! 9.58 Weather. 10.00 News. 10.10 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 Bodgers, Banks and Sparkes (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white.

BBC 1
8.55 am Play School. 0.15 Knock Knock. 0.340 This Is The Day. 10.00 Asian Magazine. 10.30 Switch on to English. 10.55 France Actuelle. 11.20 Micro File. 11.45 With a Little Help from the Chip. 12.10 pm See Hear! 12.35 Farming. 12.58 Weather News for farmers. 1.00 This Week, Next Week. 2.00 EastEnders. 3.00 Daffy Duck.
3.05 Bonanza. 3.55 Film: "Roman Holiday" starring Gregory Peck and Audrey Hepburn. 5.50 Antiques Roadshow. 6.30 News. 0.40 Praise Be with Thora Hird. 7.15 Hancock's Half Hour. 7.45 Miss Marple: The Moving Finger. 8.35 Mastermind. 8.05 News. 0.20 That's Life. 10.05 Heart of the Matter. 10.40 Geoffrey Smith's World of Flowers. 11.10-12.05 am Open University.

BBC 2
8.50 am Open University. 1.56 pm Sunday Grandstand featuring Football, Motor Racing (The Monaco Grand Prix from 2.30-4.00): Cricket (Somerset v Middlesex) and Rallying. 6.40 The Money Programme. 7.15 Nature. 7.45 The World About Us: Pitcairn, The Bounty Inheritance. 8.35 "To the Lighthouse." 10.30 Grand Prix highlights. 11.05-12.35 am Film: "Girlfriends."

LONDON
5.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Link. 11.30 Once A Thief . . .? 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Small Wonder. 2.00 Platform. 2.30 LWT News Headlines followed by "Will Penny" starring Charlton Heston, Joan Hackett and Donald Pleasence.
4.30 The Campbells. 5.00 Albion Market. 5.00 How You See It. 5.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 Murder, Mystery, Suspense: "The Deep" starring Robert Shaw and Jacqueline Bisset. 5.45 News. 10.00 "The Understanding" starring Constance Cummings, Isabel Dean and Rachel Kempson. 11.30 LWT News Headlines followed by Manny (tribute to Manny Shinwell). 12.15 am Trapper John. 1.05 Night Thoughts.

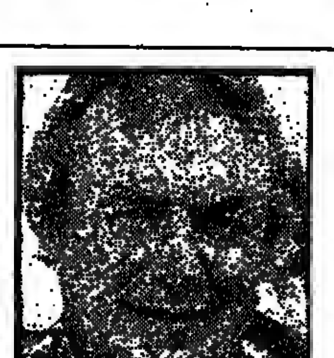
CHANNEL 4
1.10 pm Irish Angle presents Pattema. 1.35 The Making of Britain. 2.00 The Pocket Money Programme. 2.30 "Jet Pilot," starring John Wayne and Janet Leigh. 4.35 Barelaced Flatfoot. 4.45 Durrell in Russia. 5.15 News Summary followed by The Business Programme. 0.00 Second Glance.
5.15 Athletics. 7.15 Kilimanjaro. 8.15 Sinfonietta. 8.00 The Channel 4 Inquiry. †10.30 "Albert, RN," Anthony Steel stars with Jack Warner, Robert Beatty, William Sylvester and Paul Carpenter. †12.19 am The Twilight Zone.

S4C WALES
2.00 pm The Great Plant Collections. 2.30 Gallery. †3.00 Feature Film: "Murder He Says," starring Fred MacMurray. 4.45 Arwyddion Ffyrdd. 5.15 The Business Programme. 5.00 Second Glance. 6.15 Athletics. 7.15 Dan Dég.
7.20 Newyddion. 7.30 Cala Am Gân. 0.00 Mwynhau'r Pethau. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Almanac. 0.35 Plu Chwithig. 10.05 Witness to Apartheid. †11.00 Feature Film: "The Wooden Horse," starring Leo Genn, David Thomlinson and Anthony Steel.

IBA Regions as London except at the following times:

ANGLIA
8.30 am At Home. †1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 2.30 Sunday Cinema: "Two For The Road" (Audrey Hepburn and Albert Finney star). 4.30 The Smurfs. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 11.30 The New Avengers. 12.30 am Jesus Shall Reign.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm A Woman's Place. 1.30 Farming Outlook. 2.30 The Love Boat. 4.30 Survival. 5.00 The Campbells. 5.30 Look Who's Talking. 0.00 Albion Market. 11.30 Jazz Special (Stephane Grappelli).



David Lomax in Heart of the Matter: BBC1, 10.05 pm

CENTRAL
0.25 am Wattoo, Wattoo. 0.30 Jayce and the Wheeled Warriors. 1.00 pm Here and Now. 1.30 Gardening Time. 2.30† The Weekend Matinee: "A Town Like Alice," starring Virginia McKenna and Peter Finch. 4.30 The Fall Guy. 5.30 The Campbells. 6.00 Albion Market. 11.30 War. 12.30 am Closedown followed by Central Jobfinder.

GRAMPIAN
9.25 am Max, the 2,000 Year Old Mouse. 0.35 Sesame Street. 10.30† Fireball XL5. 1.00 pm Farming Outlook. 1.30 The Spice of Life. 2.30 Feature Film—"The Sundowners," starring Deborah Kerr, Robert Mitchum and Peter Ustinov. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 11.30 Tales From The Darkside. 12.00 Reflections.

GRANADA
0.25 am Max the 2,000-year-old Mouse. 9.35 California Highways. 11.00 Once a Thief . . .? 11.25 Aap Kaa Hak. 11.30 This is Your Right. 1.00pm Small Wonder. 1.30 Cartoon (Porky Pig). 1.35 The Love Boat. 3.00 Sunday Matinee: "Bullet for a Badman," starring Audie Murphy. 4.30 Platform. 5.00 The Campbells. 5.30 Now You See It. 0.00 Albion Market.

HTV
8.25 am Max the 2000 year old Mouse. †9.35 Fireball XL5. 1.00 pm Gardening Time. 1.30 Farming Wales, followed by Weather for Farmers. 2.30 The Sunday Matinee: "The Flight of the Phoenix." 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 6.35 HTV News. 11.30 The New Avengers.
HTV WALES—As HTV West except: 1.00-1.30 pm Pool.

SCOTTISH
8.25 am Foo Foo. 8.30 Farming Outlook. 10.00 Sesame Street. 1.00 pm The Glen Michael Cavalcade. 2.30 Studio. 3.30 Diff'rent Strokes. 4.00 Now You See It. 4.30 The Campbells. 5.00 The Fall Guy. 6.00 Albion Market. 11.30 Musical Special. 12.30 am Late Call.

TSW
9.25 am Link, followed by South West Link. 11.00 Once A Thief . . .? 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens For All. 1.30 Farming News. 2.30 The Sunday Matinee: "Three on a Date," starring June Allyson. 4.15 Gus Honeybun's Magic Birthdays. 4.17 Cartoontime. 4.30 S W.A.L.K. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 11.30 The South West Week. 12.00 Postscript Postbag.

TVS
5.25 am Action Line. 0.40 Cartoon Compilation. 1.00 pm Agenda. 1.30 Enterprise South. 2.30 The Sunday Matinee: "The Bridges At Toko-Ri," starring William Holden, Grace Kelly, Fredric March and Mickey Rooney. 4.25 TVS News. 11.30 Harvest Jazz. 12.35 am Company.

TYNE TEES
0.25 am Morning Glory. 9.35 Gather Your Dreams. 11.52 Sunday Lookaround. 1.00 pm Farming Outlook. 1.30 Look Who's Talking (Larry Grayson). 2.30 Sunday Matinee: "The Pleasure Of His Company." 5.00 Galactica '80. 6.00 Albion Market. 11.30 Epilogue.

ULSTER
10.40 am Advice with Anne Hailes. 12.58 pm Lunchtime News. 1.00 Farming Ulster. 1.28 Farming Weather. 1.30 Gardening Time. 2.30 Feature Film: "Artists and Models," starring Dean Martin, Jerry Lewis, Shirley MacLaine and Dorothy Malone. 4.30 The Smurfs. 5.00 The Campbells. 5.30 The Lesson is Ulster ("Peace"—Who will bring peace to Ulster?). 6.00 Albion Market. 0.38 Ulster News. 8.57 Ulster News. 11.30 Sports Results. 11.35 The Mysteries of Edgar Wallace. 12.35 am News at Bedtime.

YORKSHIRE
8.25 am Link. 11.00 Once a Thief . . .? 11.30 Farming Diary. 1.00 pm Man in a Suitcase. 2.30 Sunday Cinema: "The Green Berets," starring John Wayne. 5.00 The Campbells. 0.30 Mr and Mrs. 5.00 Albion Market. 12.15 am The Italian Connection. 12.45 Five Minutes.

RADIO (S) Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle says Good Morning Sunday (S). 0.05 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 6.30 Charlie Chester with your Sunday Soapbox. 7.35 Rhyme and Reason. 0.00 Just William. 8.30 Sunday Half Hour. 0.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.30 Jazz Score. 11.00 Sounds of Jazz with Peter Clayton (stereo from midnight). 1.00 am Bill Rennells presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 Franck and His Circle (S). 9.00 David Munrow directing the Early Music Consort of London (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Lindsay String Quartet (S). 12.05 pm BBC Symphony Orchestra in Berne—concert conducted by Sir John Pritchard: Walton (Partita), Brahms (Violin Concerto, with Henryk Szeryng); 1.05 Interval Reading; 1.15 Rachmaninov (Symphonic Dances) (S). 2.00 Verdi: "Jerusalem" (S). (3.40-3.45 Interval Reading). 5.15 New Premises (return of Stephen Gardner's arts magazine). 5.00 Wilhelm Kempff (S). 7.05 Jurg Schaeftlein (1929-86) (S). 8.00 Brighton Festival 1986 (live relay), part 1: Luciano Berio, Jonathan Harvey (S). 8.40 A Modern Mahabharata. 8.00 Concert—part 2: Henze's 2nd Piano Concerto, played by Peter Donohoe (S). 10.00 The Quality of Cabinet Government. Peter Hennessy talks to The Rt Hon David Howell MP. 10.30 Schubert and Strauss Songs (S). 11.00 Samuel Wesley (S). 11.57-12.00 News.

BBC RADIO 4
8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Dame Anna Neagle talks, for the Week's Good Cause, about the Forces Help Society. 8.55 Weather; Travel. 8.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service from St Mary's College, Twickenham. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.10 pm It's Your World (Phone-in to Anibal Cavaco Silva, Prime Minister of Portugal). 12.55 Weather. 1.00 The World This Weekend; News. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 Afternoon Play (S). 3.30 Enterprise. 4.00 News; The Food Programme. 4.30 The Natural History Programme. 5.00 News. 5.05 Indian Tales of the Raj. 5.35 Joyous Days in the Desert. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 No Highway (Nevil Shute's novel dramatised in three parts). 8.00 Bookshelf. 0.30 The Monarchy in Britain. 9.00 News; The Oldest Ally. 9.30 Six Men. 0.55 Weather; Travel. 10.00 News. 10.15 The Sunday Feature: Two Superior Persons. 11.00 Seeds of Faith (S). 11.15 In Committee. 12.00-12.15 am News.